

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

**U.S. television networks** and news publishers are feeling the effects of a slowdown in the advertising market, the latest indication that an ad-spending retrenchment previously flagged by large technology companies is spreading. **A1**

◆ **CVS is seeking** to buy Signify Health, according to people familiar with the matter, as the drugstore and insurance giant looks to expand in home-health services. **A1**

◆ **Carlyle Group** Chief Executive Kewson Lee is stepping down immediately, as the private-equity firm struggles to expand and its share price lags. **B1**

◆ **UPS is nearing** a deal to acquire Italy's Bomi Group, according to people familiar with the matter, as it looks to bolster its medical-product-distribution business. **B1**

◆ **Berkshire Hathaway's** earnings slid in the second quarter as market turmoil weighed on the company's massive stock portfolio. **B1**

◆ **Business insurer FM Global** will provide a 5% reduction in annual premiums to its roughly 1,500 policyholders to spur them to better protect their property against risks. **B2**

◆ **U.S. regulators are** considering whether to require large regional banks to add to the financial cushions that protect them in times of crisis, a move that is slowing down some pending bank mergers. **B9**

### World-Wide

◆ **The Senate passed** a bill raising taxes on large, profitable companies and spending hundreds of billions of dollars on programs aimed at reducing carbon emissions, as Democrats unified around elements of Biden's agenda after a year of frustrated efforts to advance a broader package. **A1**

◆ **The tax rate** on carried-interest income survived a potential whack when Democrats acceded to a demand by Sen. Sinema that a proposal chipping away at it be cut from the tax-and-climate bill. **A4**

◆ **Explosions shook** Ukraine's Zaporizhzhia nuclear power plant over the weekend, prompting warnings from Ukraine's nuclear regulator that the war could unleash a catastrophe. **A8**

◆ **Secretary of State** Blinken began a three-country tour of Africa at a time of growing U.S. concern about Russia's clout on the continent. **A8**

◆ **Indiana-based** companies Eli Lilly and Cummins spoke against the state's new abortion law, citing concerns about their ability to keep and attract employees. **A7**

◆ **Israel and Gaza** militant group Islamic Jihad agreed to a cease-fire after three days of fighting. **A8**

◆ **State and federal** law-enforcement agencies in New Mexico are investigating a string of murders of Muslim men in Albuquerque as possibly related. **A3**

◆ **Died: Tom Alberg**, 82, an early investor in Amazon. **B3**

### JOURNAL REPORT

Personal Investing: 20 ideas to adjust your portfolio. **R1-8**

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## Cuba Battles Deadly Oil Blaze, a Dozen Firefighters Missing



**AT THE SCENE:** Firefighters on Sunday battled a blaze at an oil-storage terminal in Matanzas, about 50 miles from Havana. The fire, set off by lightning Friday night, injured 120 and left at least one dead and more than a dozen firefighters missing. **A9**

## Senate Passes Climate, Health Measure

Party-line approval for key parts of Biden's agenda sets up House vote late in the week

BY ANDREW DUEHREN AND SIOBHAN HUGHES

WASHINGTON—The Senate passed a bill spending hundreds of billions of dollars on climate and healthcare programs while raising taxes on large, profitable companies, as Democrats unified around elements of President Biden's agenda after a year of frustrated efforts to advance a broader package.

The legislation, which passed the Senate 51-50 on Sunday with a tiebreaking vote by Vice President Kamala Harris, offers tax incentives for reducing carbon emissions, seeks to allow Medicare to negotiate the price of some prescription drugs, allots roughly \$80 billion to the Internal Revenue Service and extends subsidies for health insurance under the Affordable Care Act. Along with a new 15% corporate minimum tax, it creates a 1% excise tax on companies' stock buybacks and sets aside roughly \$300 billion toward reducing the deficit.

Senate passage of the bill through the evenly divided chamber is a victory for Democrats that seemed improbable just weeks ago, after talks fell apart between Majority Leader Chuck Schumer of New York and key centrist Joe Manchin of West Virginia before quickly reviving. Every Republican lined up against the bill, meaning any one Democratic defec-

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◆ Private-equity lobby keeps status quo..... A4

## Advertising Slump Spreads To TV Networks, Publishers

BY SUZANNE VRANICA AND ALEXANDRA BRUELL

U.S. television networks and news publishers are feeling the effects of a slowdown in the advertising market, the latest indication that an ad-spending retrenchment previously flagged by large technology companies is spreading.

Warner Bros. Discovery Inc., home of cable channels including CNN, TNT and the Food Network, last week cut its outlook for this year and next in part because of a slowdown in

advertising. In recent days, the owners of outlets including the CBS television network, the New York Times and USA Today all said their ad revenue was under pressure during the latest quarter.

"Given the less-favorable macro environment, we are seeing softer demand in the scatter market," said Gunnar Wiedenfels, chief financial officer of Warner Bros. Discovery, referring to the period when TV ads are sold closer to air date.

The ad outlook has become

increasingly dim in recent weeks amid signs that rising inflation is beginning to affect consumer spending. Walmart Inc., the U.S.'s largest retailer, recently warned that escalated prices for food and gasoline were causing people to pull back on spending.

Irwin Gottlieb, former chief executive officer of GroupM, the ad-buying company owned by WPP PLC, said he expects more marketers to cut back on ad spending after Walmart's announcement. "When they hear a decline across the board

at Walmart, it confirms their worst fears," he said.

Despite the slowdown, some still expect overall ad spending this year to be strong. GroupM said in June that it expects global ad spending to grow by 8.4% to \$837.5 billion, excluding U.S. political spending. In December, it forecast a 9.7% increase for the year.

"It's a relatively healthy ad market considering the very weak sentiment," Brian Wieser, GroupM's president of global intelligence, said in an inter-

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## Moscow Provokes High Anxiety In a Strategic Sliver of Europe

NATO sees danger in region that hems in Russia's Kaliningrad

BY DANIEL MICHAELS

SUWALKI, Poland—The bucolic region around the Polish-Lithuanian border has long been known for its rolling farmlands, serene lakes and historic cities.

To strategists in the North Atlantic Treaty Organization, it is now also known as a danger spot.

Suwalki, a city of almost 70,000, sits along the 45-mile corridor of NATO territory between two Russian military strongholds. To the southeast is Belarus, a close Russian ally that has served as a base for its invasion

of Ukraine. To the northwest is Kaliningrad, a chunk of Russia that was disconnected from the rest of the country by the breakup of the Soviet Union.

Western military strategists call it the Suwalki Gap. What worries them is that Russia, having seized the Crimean peninsula in 2014 and invaded Ukraine this year, might use force to try to take over the border region, which would link Kaliningrad with Belarus.

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RECH PEDRONI/REUTERS

**PERSONAL JOURNAL**  
Some home sellers worry they missed the wave by not listing sooner. **A11**



WATT TRAINING/AP

**BUSINESS & FINANCE**  
Market turmoil takes toll on Berkshire Hathaway earnings for the quarter. **B1**

## McDonald's Customers Push Back Over a Decision to Toss Salads

Burger chain let franchisees shed the greenery during pandemic

BY HEATHER HADDON

When McDonald's Corp. ditched salads to simplify its menu at the start of the pandemic, many restaurant operators rejoiced. The hand-assembled mélange of greens was cumbersome to make.

Diners wouldn't miss it, they thought, as they imposed the menu change.

But some customers aren't lovin' it. "McDonald's very much has lost me," said Ana Voorhees, a 36-year-old in Pennsylvania. Ms. Voorhees typically ordered a side salad during her weekly trips to McDonald's. She would exchange her fries for the salad even when ordering a burger. Now she goes to Chick-fil-A Inc., where she can still get her greens.

McDonald's is so famous for

Big Macs and Quarter Pounders it's almost synonymous with hamburgers. Who knew some of the throngs going to McDonald's every day were there for lettuce?

Adam Reizner, an electro-mechanical technician in Round Lake, Ill., for years ordered a coffee and salad at the Golden Arches. Mr. Reizner, 53, became a fan of McDonald's salads after having a heart attack in 2017. Since the outlet near him tossed salads, he said, he feels at sea.

When the chain's Twitter account in April tweeted "bring back \_\_\_," Mr. Reizner quickly aired his salad wishes. He was among tens of thousands of others who tweeted, many demanding the return of the salads no longer available at all locations.

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## Profit Outlooks Overhang Stocks

The stock market's valuation is back on the rise in recent weeks as Wall Street analysts are cutting their profit estimates. That means the market is at risk of appearing expensive, even after share prices' sharp decline earlier this year. **B1**

S&P 500 price/earnings ratio, next 12 months



Source: FactSet

## CVS Planning a Bid For Signify Health

CVS Health Corp. is seeking to buy Signify Health Inc., according to people familiar with the matter, as the drugstore and insurance giant looks to expand in home-health services.

By Cara Lombardo, Laura Cooper and Sharon Terlep

Signify Health is exploring strategic alternatives including a sale, The Wall Street Journal reported last week. Initial bids are due this coming week, and CVS is planning to enter one, some of the people said. Others also are in the mix, they said, and CVS could face competition from other managed-care providers and private-equity firms.

There is no guarantee any of them will reach a deal for Signify, which has a market value of around \$4.7 billion after its shares rose on the news of a potential sale.

For Woonsocket, R.I.-based CVS, which has a market value of \$134 billion, a deal would help fulfill its stated ambition to become an even bigger provider of medical services. The company has indicated it hopes to have a deal in place to help it do so by year-end. Wall Street has largely focused on CVS's efforts to add primary-care practices and doctors to its payroll, though executives have also discussed their ambitions to expand its in-home health presence.

CVS, parent of the eponymous drugstores and the Aetna health-insurance operation, had eyed a deal for the parent of One Medical, people familiar with the matter said, before Amazon.com Inc. agreed to buy the operator of primary-care clinics for about \$3.9 billion last month. That deal will give Amazon access to a practice that operates more than 180 medical offices

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## U.S. NEWS

THE OUTLOOK | By Tom Fairless and Megumi Fujikawa

## Economies Create Jobs, Little Growth

From Berlin to Tokyo to Wellington, economic growth is slowing or turning negative across advanced economies, yet labor markets remain historically tight.

Talk of a “jobful recession” has centered on the U.S., where payrolls grew by more than half a million in July and the unemployment rate declined to its prepandemic low of 3.5% even as economic output contracted in the three months through June. The same conundrum crops up around the world.

In Germany, growth stalled in the three months through June, and the country faces imminent recession as its energy supplies dry up. But the unemployment rate remains close to a 40-year low, and almost half of companies say worker shortages are hampering production. The jobless rate in the wider eurozone is at a record low. New Zealand’s economy shrank in the first three months of the year, but its jobless rate, at 3.3%, has stayed close to a multidecade low.

It is the opposite of the “jobless recovery” diagnosed after the 2008 global financial crisis, when economic growth in the U.S. and parts of Europe picked up but unemployment remained painfully high for years.

The current dichotomy might not last. Central banks are raising interest rates to rein in high inflation, which

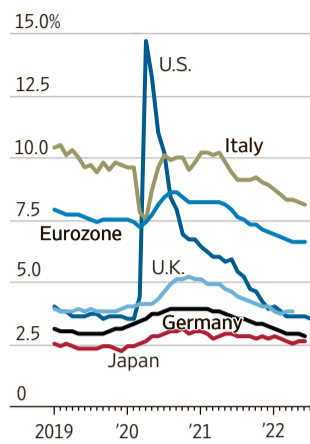
could in time undercut labor demand. The Bank of England on Thursday raised its policy rate by 0.5 percentage point, to 1.75%, and forecast a lengthy recession that would likely boost unemployment to 5.5% from its current 3.8%, which matches the prepandemic low.

Still, subdued growth may coincide with ultralow unemployment more often in coming years, judging by the country that experienced it first. For three decades Japanese growth has been low or negative, averaging 0.8%, but its unemployment rate has never been more than 5.5% and has ratcheted steadily lower since 2010 to stand at 2.6% now—close to its prepandemic low of 2.2%.

The reason, economists say, is a tight labor market because of an aging population and relatively few immigrants, features that have become more pronounced in other advanced economies during the pandemic.

In the years before the pandemic, Japan took steps to make it easier for mothers of small children to work, keep older workers on the job, and loosen restrictions on migrant labor, such as allowing foreign students to work 28 hours a week. But just as those measures were making an impact, the pandemic hit and Japan closed its borders to most new workers.

## Unemployment rates



Source: OECD

A shortage of workers forced Masaya Konno, a business owner in Tokyo, to temporarily close his Japanese-style pub last month. Even after he increased hourly pay to 1,300 yen, equivalent to about \$10, which is ¥100 to ¥200 above the wages prevailing a year ago, he still can't find enough workers. “We couldn't overcome a labor shortage,” Mr. Konno said.

Unemployment and growth usually show a predictable relationship known as Okun's Law, named for the Yale University economist Arthur Melvin Okun, who first proposed it in 1962. In the U.S., Okun's law predicts that a 1% decline in output below its potential causes an increase in unemployment of half a percentage point.

However, that relationship can shift depending on factors such as workers' output per hour and labor-force growth, said Laurence Ball, an economics professor at Johns Hopkins University. If there are fewer workers and job seekers, the labor market can remain tight even if growth is weak.

Since February 2020, the U.S. labor force has shrunk by about half a million. In Germany, the labor force shrank by about 350,000 over the same period, while in the U.K. it shrank by about 550,000.

Migration has slowed across advanced economies as governments restricted entry to keep out Covid-19 and its variants. In New Zealand, the number of people arriving with work visas shrank from about 240,000 in the year through June 2019, to just 5,000 in the year through June 2021, government data show. In the U.S., the slowdown in immigration began in 2017, when the Trump administration adopted a range of policies to curb both illegal and legal immigrants. The annual net inflow has fallen from more than one million in 2015-16 to about a quarter of a million in 2020-21, according to the U.S. Census Bureau.

Meanwhile, older workers dropped out of the workforce, in some cases to avoid exposure to Covid-19. Some young

adults quit work to care for children or other family members.

There are signs that as vaccines cut the risk of severe illness or death from Covid, workers have returned to the labor force and migration has resumed. In New Zealand, the number of people arriving with work visas surged to almost 5,000 this past June. That suggests unemployment may start to respond more to changes in economic output.

Other forces might be more durable, however. Older people aren't yet returning to work in the U.S.: The labor-force participation rate of workers age 65 or older has fallen to about 23% from 26% in early 2020. Rapidly aging Germany and Italy are expected to lose millions of workers to retirement over the next decade, which suggests labor shortages will persist.

While sustained low unemployment is generally a boon, Japan's experience also shows the downsides: It means that the economy isn't able to quickly direct workers to growth areas, which can limit “creative destruction”—the elimination of obsolete industries so that new industries can grow.

## Listen to a Podcast



Scan this code for a podcast on what it takes to be in a recession.

## ECONOMIC CALENDAR

## Tuesday

U.S. labor productivity is expected to have declined for the second straight quarter as higher compensation costs weigh on the efficiency of the labor force.

China could report higher inflation due to rising pork and vegetable prices, economists estimated. China's National Bureau of Statistics is expected to report that suppliers' prices eased in July.

## Wednesday

The U.S. consumer-price index for July is estimated to show that price pressures eased on a monthly and annual basis. Consumer inflation accelerated to 9.1% in the 12 months ended in June, the fastest pace in more than 40 years.

Figures to be released by the Commerce Department are expected to show that inventories of U.S. merchant wholesalers rose modestly in July, signaling that companies continued to invest in restocking shelves.

## Thursday

Economists estimated that prices paid by U.S. suppliers rose at a slower pace in July from the prior month but still remained close to recent highs.

Workers' filings for unemployment insurance are expected to have risen during the week ended Aug. 6. Jobless claims have been close to the highest point of the year in recent weeks.

## Friday

The University of Michigan's initial reading of consumer sentiment for August is expected to show a slight improvement from its final reading for last month.

## U.S. WATCH

## WASHINGTON, D.C.

## Biden Tests Negative For Covid-19

President Biden tested negative for Covid-19 for a second consecutive day Sunday following his rebound case and was cleared for travel by his doctor.

Mr. Biden departed Sunday for his vacation home in Rehoboth Beach, Del. In a letter released by the White House, Dr. Kevin O'Connor, Mr. Biden's physician, said the president tested negative earlier in the morning and “will safely return to public engagement and presidential travel.”

Mr. Biden tested negative on an antigen test on Saturday but remained in isolation until his second negative result. He continued performing most presidential duties while in isolation at the White House residence.

The White House said Mr. Biden will travel to Kentucky Monday to visit communities damaged by flooding.

—Ken Thomas

## FEDERAL RESERVE

## Bowman Backs Third 0.75-Point Rate Rise

A Federal Reserve official said the central bank could follow two consecutive 0.75-percentage-point rate rises this summer with a third such increase at its meeting next month.

Fed governor Michelle Bowman said she strongly supported the Fed's 0.75-percentage-point rate increase last month and “similarly-sized increases should be on the table until we see inflation declining in a consistent, meaningful and lasting way.”

In remarks prepared for delivery Saturday to the Kansas Bankers Association, Ms. Bowman said two months of data on inflation and another month of hiring data would guide her decision on how high to raise rates at the Fed's Sept. 20-21 meeting.

She said she expected the labor market to remain strong.

—Nick Timiraos

## TEXAS

## SUV Crash Kills Four in Golf Cart

Four people riding in a golf cart were killed—including two juveniles—when a man driving an SUV ran a stop sign at an intersection in Galveston, in south-east Texas, late Saturday, police said.

Miguel Espinoza, 45, has been charged with four counts of intoxication manslaughter. Jail records didn't list an attorney for him.

Galveston police said after the SUV failed to stop, it struck a pickup truck, which then crashed into the golf cart with six people aboard. The adult driver of the golf cart was pronounced dead at the scene, police said, while a woman and two juveniles on the golf cart were taken to a hospital, where they died. Two other passengers were hospitalized in critical condition, police said. The occupants of the pickup weren't injured.

—Associated Press



AFTERMATH: A firefighter cleaned blood from a sidewalk Sunday in Cincinnati, following an overnight shooting outside a bar that left at least nine people wounded, none critically, police said.

## Advertising Slowdown Spreads

Continued from Page One view.

In the first half of the year, digital advertising remained up by double digits in percentage terms compared with the same period a year ago, he said, while TV was about flat. “Although it's possible [the] third quarter will be a little softer,” he said.

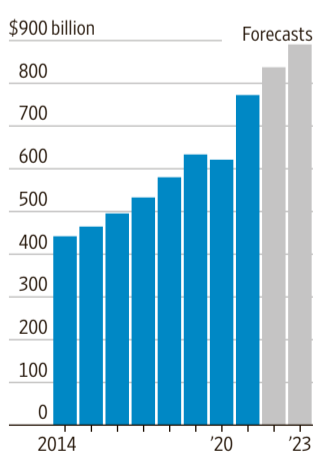
Advertising generated \$7.1 trillion in sales activity in the U.S. in 2020, according to a 2021 study conducted by IHS Markit for the Advertising Coalition, a group composed of media companies and national trade associations.

The study, which takes into account the direct and indirect effects of advertising, found that every dollar spent on advertising in the U.S. in 2020 drove nearly \$21 in sales activity.

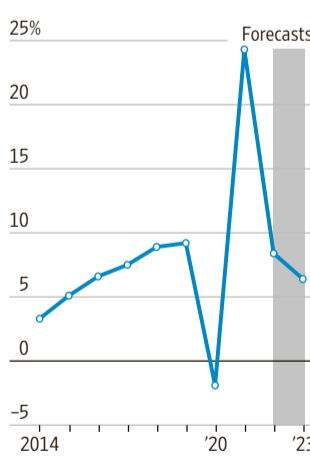
Advertising is often among the first expenses cut by companies looking to trim spending in times of economic uncertainty. When that happens, digital companies are often the first to be hit, because marketers can turn off spending in real time.

Late last month, large players in digital advertising such as Facebook parent Meta Platforms Inc., Snap Inc. and Twitter Inc.—many of which experi-

## Global ad spending\*

\*Excludes U.S. political ad spending  
Source: GroupM

## Annual change in spending\*



New York Times Co. last week posted its first decline in digital advertising revenue since 2020, due in part to the macroeconomic environment.

“Headwinds from advertising are playing out broadly as we'd expect them to,” Chief Executive Meredith Kopit Levien

## CORRECTIONS &amp; AMPLIFICATIONS

Ford Motor Co. recalled roughly 49,000 Mustang Mach-E electric SUVs in June over concerns that the battery contactors could potentially overheat and cause the vehicle to lose power. An Exchange article on Saturday about quality issues at Ford incorrectly said the vehicles were recalled because of concerns that the bat-

tery could overheat.

Jing Quan is a minister in the Chinese embassy in Washington. His name was misspelled as Jing Quang in some editions Saturday in a Page One article about China's response to House Speaker Nancy Pelosi's visit to Taiwan.

said during the company's earnings call with analysts. Paramount Global said revenue at its TV operations—its biggest business, which includes such units as CBS, MTV, Nickelodeon and Comedy Central—was essentially flat in the latest quarter, partly because advertising slid 6%.

“We see both headwinds and tailwinds in advertising,” Paramount Chief Executive Bob Bakish said during a call with analysts after the results. He said the digital-advertising market and the scatter market face challenges, primarily because of supply-chain constraints affecting advertisers including car makers. “But these aren't long-term issues,” he said.

Mr. Bakish said he saw some areas of strength in terms of ad spending in the latest quarter, including technology and travel.

He said he expects ad spending to grow in specific categories later in the year, in-

cluding from drug companies and on political ads ahead of the midterm elections.

Warner Bros. Discovery warned investors that the company was adjusting its financial outlook for both 2022 and 2023 in part because of the macroeconomic environment that is affecting advertising.

The company now expects third-quarter global advertising sales to decline by a percentage in the high-single to low-double digits.

The ad slowdown comes as the streaming industry's two biggest players—Netflix Inc. and Walt Disney Co.'s Disney+—are working on launching ad-supported versions of their platforms.

Disney expects that new tier to be introduced in the U.S. later this year, while Netflix's won't be launched until next

year.

Roku Inc., a manufacturer of streaming devices and software that derives most of its revenue from digital advertising, partly benefited from recent shifts in ad spending, executives said late last month. During the second quarter, advertisers such as car makers and consumer-goods companies reduced their spending on traditional TV but increased their spending on Roku by a double-digit percentage, executives said.

Roku said it expects its advertising business to come under further pressure during the second half of the year.

“We're in an economic cycle where advertising is trending down,” Roku Chief Executive Anthony Wood said during a call with analysts last month. “It'll turn around.”

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## U.S. NEWS

# Shutdown Suits Pit Students vs. Colleges

Litigation brings up matters of contract law and what schools promised to deliver

By JACOB GERSHMAN

Colleges and universities faced a barrage of lawsuits in the peak pandemic days of 2020 after schools shut down their campuses and moved classes online while charging students their usual tuition rates.

Two years later, the Covid-19 tuition wars are building toward a decisive phase.

A number of courts have issued rulings that provided a boost to students and parents seeking refunds, including last week in a case against a small private university in California. That decision followed a recent federal appeals-court ruling that allowed claims to proceed against Loyola University Chicago. But those rulings stand in tension with other decisions for schools that said students don't have valid claims. Pending cases from higher-level courts could bring more clarity.

The cases could turn on what specific promises schools made to students about in-person

education—and whether students suffered any harm in the switch to remote classes, said Benjamin J. Hinks, a Boston-area employment and higher-education lawyer who has followed the litigation.

"We're definitely seeing a trend towards plaintiff-friendly rulings at the pretrial stages," Mr. Hinks said. "However, these are hard-fought cases, and the fight is not over for universities."

Most of the cases revolve around the academic spring semester of 2020, when emergency quarantine measures in the period before vaccines forced the country's higher-education industry to suspend in-person classes and close their physical campuses, barring access to laboratories, dormitories, libraries, student centers and athletic facilities.

At many schools, academia's temporary move to virtual learning didn't come with any discounts to tuition or student service fees. But it left a trail of hundreds of lawsuits in federal and state courts demanding restitution.

Legally, the battle isn't so much about whether an online learning experience is inferior. Judges aren't supposed to make judgments about academic quality under long-held doctrine insulating schools

from lawsuits alleging "educational malpractice."

Plaintiffs have argued that schools were contractually obligated to deliver an in-person education and unfairly kept all their money.

"Universities are wonderful places, but students are paying a lot of money. They paid for in-person access to campus, in-person education and all the amenities promised to them when they signed up, and they didn't get that," said Ellen Noteware, an attorney representing the plaintiffs suing Loyola.

The litigation has turned on complex interpretations of state contract law and questions about what exactly colleges and universities promised students when they enrolled.

Evidence has taken the form of course catalogs, marketing brochures, admissions letters, student handbooks and representations made on school websites. Plaintiffs have retained economists and statisticians to conduct analyses comparing the value of online and traditional degrees.

Attorneys for the schools argue that they acted responsibly to protect the health and safety of their students, ensuring that faculty kept teaching in the midst of an unpre-



A recent ruling favored plaintiffs in a case against University of La Verne in California.

cedented pandemic. They say they were never contractually committed to keep their campuses open and that plaintiffs are improperly asking courts to second-guess the schools' academic judgments.

One significant recent development came in a lawsuit against University of La Verne, a private institution in California. On Tuesday, U.S. District Judge Mark C. Scarsi granted a summary judgment motion in favor of plaintiffs consisting of undergraduates who paid tuition (\$22,350 a semester) and fees at La Verne's main campus in the spring 2020 term.

Judge Scarsi, a President Donald Trump appointee, said University of La Verne entered into an implied contract with

students that could be inferred from promotional materials sent to admitted students. In one such document, the school promoted its "Spotlight Weekend" where admitted students could "tour the campus and neighborhood, dig in at the dining hall, and stay overnight in a residence hall," according to his opinion. The same material touted a "beautiful, welcoming campus to call home" in a list of "10 reasons to love the University of La Verne," stated the ruling.

The judge said that although shutdown orders made it impossible for La Verne to honor its obligations, it would be unjust for the university "to retain the monetary benefits specific to in-person classes."

La Verne's lead trial coun-

sel, David Sugden, said the university hardly profited from the pandemic shutdowns, saying the school refunded millions of dollars to students for food, housing and other expenses, and distributed millions more in scholarships and grants. "The University of La Verne looks forward to showing the jury all the measures it took to educate its students after lockdown orders were issued," he said.

A coming jury trial will determine restitutionary damages. "This could send shock waves to universities throughout the country, especially if the jury comes back with a substantial number," said Jeffrey K. Brown of Leeds Brown Law PC, co-lead counsel for the plaintiffs.

# Farm Country Battles Over CO<sub>2</sub> Pipeline

By JOE BARRETT

GOLDFIELD, Iowa—Responding to climate-change concerns, ethanol plants like the one in this town of 630 surrounded by 10-foot-tall corn stalks are eager to join new pipeline networks that aim to carry carbon dioxide to places where it can be buried underground.

But these CO<sub>2</sub> pipeline projects are running into fierce resistance from landowners and environmentalists, similar to that faced by fossil-fuel conduits. Opponents say the CO<sub>2</sub> pipelines threaten to trample property rights and delicate agricultural drainage systems, and are ill-conceived boondoggles aimed at harvesting government tax credits, not reducing heat-trapping gases.

The battle is especially intense in Iowa, where three huge projects aim to collect CO<sub>2</sub> from more than 30 of the state's 42 ethanol plants and ship it to underground rock formations in North Dakota and Illinois.

"They can only use eminent domain if they can show it's in the public interest, but it's not in the public interest to ruin our farms," Angela McKean, whose family has farmed near Estherville, Iowa, since 1892, said to more than 100 cheering farmers on a recent evening at the Emmet County Agricultural Show.

Proponents say the projects will bolster rural economies by lifting the value of the ethanol sold to places such as California and Canada that pay a premium for low-carbon fuels.

"To us, it's a very, very big deal to get going down this path and put our industry in a position to compete long down the road," said Chris Boshart, general manager at Corn LP, which owns the Goldfield ethanol plant.



Farmers sign a map of the route to show their opposition to a pipeline at the Emmet County Agricultural Show in Estherville, Iowa.

The CO<sub>2</sub> pipeline fights, playing out across the Midwest in courtrooms and at state utility boards, come as Congress considers a tax-and-energy legislative deal brokered by Democratic Sens. Joe Manchin and Chuck Schumer that would provide more government support for carbon capture and storage. A companion measure would ease the way for the permitting of infrastructure such as pipelines and power lines to serve both the oil-and-gas industry and cleaner energy sources such as wind and solar.

Under a 2018 law, qualifying industries can receive up to \$50 per metric ton for sequestering carbon, a figure that could rise to up to \$85 a ton if the Manchin bill passes

into law. The measure also increases the subsidy for carbon that is captured and used to push more oil and gas out of dwindling reservoirs to up to \$60 a ton from up to \$35. That is currently the most economically viable use for captured carbon, and opponents say they fear the CO<sub>2</sub> pipelines could eventually be used to produce more oil.

"We're pretty sure they're going to pump it into the ground to push more oil out of the ground and that completely negates any sort of climate reduction," said Jess Mazour, conservation coordinator for the Sierra Club's Iowa chapter.

Officials with two of the pipeline companies, Summit Carbon Solutions and Wolf Carbon Solutions, which has

joined with grain giant Archer Daniels Midland Co., said they have spent millions of dollars acquiring rights to sequester the carbon and have no plans to use the CO<sub>2</sub> for extraction.

Navigator CO<sub>2</sub> Ventures' Heartland Greenway, the third major company proposing CO<sub>2</sub> pipelines in Iowa, said it had considered offering oil and gas extraction as an option for its ethanol customers but they weren't interested.

For ethanol producers, "the highest value for that CO<sub>2</sub> is geological sequestration," said Elizabeth Burns-Thompson, the company's vice president of government and public affairs. She said sequestration offers tax credits and lowers the carbon footprint of the ethanol produced, which makes it more

valuable on the market.

All three companies say they will try to work with farmers to compensate them fairly for gaining the right to put pipelines through their fields and expect only a small number of cases to go to eminent domain.

Many Iowa farmers say their experiences with the Dakota Access Pipeline, which cut a 350-mile path from the northwest corner to the southwest corner of the state last decade, left them with no appetite for more pipelines.

Pipeline companies said safeguards to protect farmers' fields have improved since the Dakota Access pipeline was installed and that the CO<sub>2</sub> pipes are in many cases thinner, requiring less-heavy equipment.

# Police Look for Link in Killings of Muslims

By SARA RANDAZZO

State and federal law-enforcement agencies in New Mexico are investigating a string of killings of Muslim men in Albuquerque as possibly related.

The most recent came on Friday night, following two others in July and August and a fourth in November. The deaths are being probed by the Federal Bureau of Investigation along with Albuquerque police and other local, state and federal agencies.

"These shootings are disturbing," Albuquerque Police Chief Harold Medina said Saturday, adding that police have reason to believe the deaths are related.

Officials aren't calling the killings hate crimes, saying that speaks to motive and none is known yet. They didn't

**'We're in fear for the safety of our children, our families.'**

release any details on possible suspects.

Few details were given about the Friday death, which officials said occurred late at night and involved the shooting of a young Muslim man from South Asia. The other three deaths also involved firearms. New Mexico Gov. Michelle Lujan Grisham said Saturday that she was sending additional state resources to Albuquerque. "This is not who we are," she said, noting that New Mexico is a state that prides itself on a diversity of cultures.

"We're in fear for the safety of our children, our families," Ahmad Assed, president of the Islamic Center of New Mexico, said Saturday. "This is a very troubling time for all of us."

Friday's killing came a day after the Albuquerque Police Department said it was looking into ties between the August and July killings of Muhammad Afzaal Hussain, 27 years old, and Aftab Hussein, 41, both Muslim men from Pakistan. Police said they are investigating whether a fourth victim, Mohammad Ahmadi, a Muslim from Afghanistan who was killed in November outside a family business he ran, is also connected.

# Temperatures Keep Nation on Broil From East to West

By GINGER ADAMS OTIS

Dangerous heat gripped parts of the Pacific Northwest and central Plains Sunday, with temperatures in Portland, Ore., likely to top 100 degrees Fahrenheit, the National Weather Service said.

High temperatures and humidity covered parts of the Northeast too, with a sweltering Boston extending its declaration of a weekend heat emergency into Monday. "I encourage residents to continue to utilize our cooling centers and splash pads, and to check on your neighbors," Boston Mayor Michelle Wu said.

The Pacific Northwest has experienced higher-than-average summer temperatures

over the past week, with Portland getting the worst of it over the weekend, NWS said.

On Monday and Tuesday, the heat wave will move to the interior parts of Oregon, Washington and Idaho, leaving behind cooler temperatures in the low 90s to high 80s for Portland and Seattle, according to NWS meteorologist Marty Rausch.

By midweek, the northern and central Plains will experience broiling heat, with temperatures in parts of Montana and the Dakotas possibly reaching the high 90s and into triple digits by Thursday or Friday, Mr. Rausch said.

At the same time, a cooling pattern will settle over much of the Northeast, bringing a break at the end of the week

to the dense heat and humidity that has enveloped the region for much of the past month.

Extreme weather patterns have been the norm this summer in most of the country, bringing record-breaking high temperatures to some places and contributing to deadly flash floods and wildfires to others.

Eastern Kentucky, recently ravaged by flash flooding that left at least 37 dead and hundreds displaced, got more rain over the weekend, the NWS said.

The NWS issued an extended flood watch through 10 p.m. ET on Sunday, and said thunderstorms are likely to pass through parts of the region this week. Flash floods

could occur, especially if several storms hit the same area, the NWS said.

In California, firefighters have struggled to contain out-of-control wildfires, fed by tinder-dry conditions caused by low humidity and erratic winds.

The Golden State is currently battling the McKinney Fire, which erupted July 29 and has scorched more than 60,000 acres to date.

At 40% contained as of Sunday, the McKinney Fire is the state's largest wildfire of the year.

Flash floods also hit California's Death Valley National Park on Friday, due to a downpour that buried cars in debris, closed roads and left hundreds of visitors and work-

ers stranded for several hours.

The park sits along the California-Nevada border and features a below sea-level basin that is the lowest point in North America. Average rainfall for the area is less than 2 inches a year, according to the National Park Service.

On Friday, the Furnace Creek area of the park saw sudden rainfall of 1.46 inches, sparking intense flash flooding that closed roads and kept roughly 500 workers and 500 visitors captive until an exit could be cleared.

The California Department of Transportation has said it hopes to reopen Highway 190, which runs between Death Valley Junction and Furnace Creek, by Tuesday, a spokeswoman said.

## U.S. NEWS

# Private-Equity Lobby Keeps Status Quo

Industry pushes back when legislators try to change tax rate on carried-interest income

Private-equity lobbyists call it the tax-code provision with nine lives.

The tax rate on carried-interest income survived another potential whack last week when Democrats acceded to a demand by Sen. Kyrsten Sinema (D., Ariz.) that a proposal chipping away at it be cut from the Senate Democrats' tax-and-climate bill.

By Julie Bykovic  
in Washington  
and Miriam Gottfried  
in New York

Carried-interest income is the compensation private-equity and hedge-fund managers get when their investments are sold for a profit. Income on such investments held at least three years is taxed as a long-term capital gain, instead of the higher rate for ordinary income.

Senate Democrats wanted to make fund managers hold

those investments for at least five years to get the better rate—the latest in a long line of attempts to revise the law, which critics characterize as a loophole that benefits some of the wealthiest Americans.

Three presidents including Donald Trump and some business leaders such as Warren Buffett have supported ending preferential tax treatment on carried-interest income. But most Republicans and some Democrats haven't been persuaded.

Private-equity industry lobbyists have worked hard to keep the status quo. They have worked to persuade lawmakers to think not of the New York and San Francisco investment managers, but of the local businesses those managers fund, such as medical practices, small manufacturers and auto-repair businesses.

Private-equity advocates say that because fund managers help form the backbone of the economy, they deserve lower tax rates.

"When an industry is not well-understood or beloved, you have to tell the story that your value proposition is neces-



Sen. Kyrsten Sinema (D., Ariz.) at the Capitol building on Saturday

sary for economic growth," said Ken Spain, a Republican strategist who has fought changes to the carried-interest income tax for more than a decade.

Taxation of carried interest became a political issue around 2007 after Victor Fleischer, then a professor at the University of California, Los Angeles, wrote a paper criticizing it as a loophole in the tax code. Then-Rep. Sander Levin (D., Mich.) introduced legislation to end the pre-

ferred treatment.

At the time, private-equity firms had no trade association, few Washington lobbyists and no desire to spend time explaining themselves to lawmakers.

"When I went into this, it felt like people were interested in making good tax policy," said Mr. Fleischer, a former Senate Democratic aide who is now a tax-law professor at the University of California, Irvine. "And then the

lobbying storm started up, and there was a lot of pressure put on members on both sides of the aisle."

Major firms including KKR & Co., Carlyle Group Inc., Blackstone Inc. and Apollo Global Management Inc. banded together to start a trade group, initially known as the Private Equity Council and now as the American Investment Council.

The industry's spending in Washington shot up. In 2006, private-equity and other investment firms paid lobbyists \$3.6 million. The next year, that tab was about \$20 million, similar to what it has been in recent years, according to the nonpartisan Center for Responsive Politics.

Those firms' campaign contributions and spending on independent political ads skyrocketed from \$15 million in 2004 to \$222 million in 2020, the center's campaign finance data analysis shows.

Ms. Sinema was among many lawmakers getting contributions, garnering about \$2.3 million from securities and investment executives and industry political-action com-

mittees since she first ran for Senate in 2017, the center's data show.

Ms. Sinema said on Wednesday at a fundraiser on Capitol Hill that she viewed changing the tax treatment of carried interest as foolish because projects from roads and bridges to semiconductor manufacturing rely on private equity.

While Ms. Sinema made clear her opposition to changing carried interest when it came up on Capitol Hill last year, private equity took no chances. Ads urging her to hold the line rained down in Arizona in the past few weeks, and local business leaders tied to private equity called her office. The Washington-based lobbyists kept in constant touch with her office.

Still, it was a close call, the lobbyists say.

"For as long as I've been in Washington, there have been calls for a permanent change to carried interest," said James Maloney, a former public-affairs director for the trade group, who still advises private-equity firms. "We can expect similar changes to be placed in another bill in short order."

## Democrats Unify to Pass Bill

Continued from Page One  
tion could have sunk the effort in the Senate.

"It's been a long, tough, winding road, but at last, at last we have arrived," Mr. Schumer said after passage of the bill, dubbed the Inflation Reduction Act.

The deal is the product of difficult negotiations among Democrats to translate their control of Congress and the White House into progress on a series of longtime policy ambitions before the midterm elections.

The package will still need to clear the narrowly Democratic House in a vote scheduled for Friday. Speaker Nancy Pelosi (D., Calif.) and progressive caucus leader Pramila Jayapal (D., Wash.) have backed the proposal, putting it on course for likely approval.

Republicans argued that the climate and tax package would do nothing to cool inflation and would hurt the economy, and that tax increases on corporations would hit households as well.

"This bill is going to mean more taxes, more spending, higher prices—right in the middle of a combination of an inflation time and a time of recession," Sen. John Barrasso (R., Wyo.) said.



Sen. Joe Manchin (D., W.Va.), who was key to reviving the package, on Sunday as it passed, 51-50.

During a marathon session that lasted all night, culminating in final passage Sunday afternoon, Republicans offered a barrage of amendments to the legislation. Over 15 hours, they sought to add immigration restrictions, limit its tax policies and change its energy provisions. Democrats defended the bill against changes from many of the GOP amendments, as well as from changes within their own ranks, largely lining up to preserve the bill as it was written.

Democrats used a special process called reconciliation, which allows bills to advance with a simple majority rather than the 60 votes typically

needed in the Senate. Reconciliation mandates that provisions in the legislation be strictly related to the budget. Those rules pushed Democrats to drop an effort to limit the rate of price increases for drugs in the commercial market.

Reconciliation also requires lawmakers to undergo the open-ended amendment process, when lawmakers made a final change to the legislation. On Sunday afternoon, Democrats scaled back the corporate minimum tax to shield individual companies operating under the umbrella of a single owner, a step that would help the private-equity firms that own such companies.

The series of last-minute changes to the text means Congress's nonpartisan scorekeeper didn't produce a final analysis of the bill's budget impact. Democrats have said earlier versions would raise roughly \$740 billion in revenue and spend roughly \$430 billion of that over a decade.

Mr. Biden, a Democrat whose approval rating has been stung by inflation, praised passage of the bill, saying it fulfills his pledge to lower costs for families and not raise taxes on households making less than \$400,000 a year.

"It required many compromises. Doing important things almost always does," the pres-

ident said, urging the House to pass the bill quickly so he could sign it into law.

The proposed taxes wouldn't raise levies directly on middle-class households, but higher business taxes can add costs elsewhere that affect individuals. That can include smaller profits for shareholders or lower wages paid to workers. Experts disagree about how much of corporate tax increases is passed on to shareholders or workers.

The bill's prescription-drug plan would for the first time empower Medicare to negotiate the prices of a limited set of drugs selected from among those that account for the biggest share of government expenditures, long a goal for lawmakers. It would cap out-of-pocket drug costs for Medicare beneficiaries at \$2,000 a year beginning in 2025, and starting next year mandate free vaccines for Medicare enrollees. It would cap insulin costs for Medicare patients at \$35 a month starting next year.

Subsidies for purchasing health insurance through the ACA, which Democrats passed into law in 2021, would continue through 2025 under the bill, an extension that would cost \$64 billion.

On climate, the bill's tax incentives aim to channel billions of dollars to wind, solar and battery developments that put clean power onto the grid. Consumers could receive subsidies for certain windows, heat pumps and other energy-efficient products, as well the extension of a \$7,500 tax credit to buy electric vehicles.

Those investments could help cut greenhouse-gas emissions 31% to 44% below 2005 levels in 2030 in the U.S., compared with 24% to 35% under current policy, according to Rhodium Group, an independent research firm. At the insistence of Mr. Manchin, the legislative package also provides support for oil, gas and coal along with nuclear power. Democrats also committed to take up legislation later this year to streamline permitting processes for energy projects.

Talks with Mr. Manchin blew up multiple times before restarting and ultimately leading to the deal. Democrats also had to keep on board Sen. Kyrsten Sinema of Arizona, who repeatedly forced the party to scale back its plans to raise taxes.

After eyeing last year as much as \$3.5 trillion in spending, Democrats settled on a fraction of that. Mr. Manchin threw much of Mr. Biden's agenda into doubt when he blocked a roughly \$2 trillion package that had passed the House, arguing against a large spending bill that he feared could worsen inflation.

Over the course of 2022, Democrats tried to re-engage with Mr. Manchin. In mid-July, Mr. Manchin told Mr. Schumer he could agree only to lowering drug costs and extending ACA subsidies, putting the tax and climate provisions in danger. When that was reported in the media, many took it to mean talks on a package were over.

However, Messrs. Manchin and Schumer then began talking again secretly, announcing an agreement within days.

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## U.S. NEWS

## Wisconsin Senate Race Firms Up

Progressive ties of the likely Democratic pick are campaign fodder in battleground state

By JOHN McCORMICK

MILWAUKEE—As Wisconsin Lt. Gov. Mandela Barnes stood on a stage with Massachusetts Sen. Elizabeth Warren one recent morning, he boosted his campaign's standing among progressive voters and offered a line of attack for Republicans.

Mr. Barnes is almost certain to win Wisconsin's Democratic U.S. Senate primary Tuesday after three other top candidates recently dropped out and endorsed him. A victory would set up a campaign against Republican Sen. Ron Johnson in one of the roughly half-dozen states expected to determine control of the Senate in November's midterm election.

Stressing his working-class upbringing, the 35-year-old Mr. Barnes is campaigning primarily on a message of economic opportunity. Republicans, meanwhile, are trying to tie him to his progressive history, as they point to his endorsements from Ms. Warren, Sen. Bernie Sanders of Vermont and U.S. Rep. Alexandria Ocasio-Cortez of New York.

While the trio are hugely popular among progressives, they are viewed with greater skepticism by the independents who are likely to decide the Wisconsin race. An NBC News national poll earlier this year found 39% of registered voters would be less likely to support a candidate endorsed by Ms. Ocasio-Cortez, while 22% would be more likely.

"Mandela Barnes will speak out of both sides of his mouth to convince voters that he is a moderate, but Barnes has earned the support of extremists like AOC and Bernie Sanders because he wants to abolish ICE, end cash bail and impose fringe-left policies," said Mark Jefferson, executive director of the Republican Party of Wisconsin, referring to the U.S. Immigration and Customs Enforcement agency.

Republicans are also highlighting a 2019 appearance he made in Minneapolis with Rep. Ilhan Omar of Minnesota, a member of the "Squad" of progressives in the House that includes Ms. Ocasio-Cortez. Mr. Barnes called Ms. Omar, who supported dismantling the Minneapolis Police Department and reallocating its resources, brilliant in a tweet documenting the visit.

Asked about his ties to na-



Wisconsin Democratic U.S. Senate hopeful Mandela Barnes with Sen. Elizabeth Warren (D, Mass.) outside the state Capitol in July.

tional progressives, Mr. Barnes pointed to endorsements he has received from more-centerist Democrats such as House Majority Whip Jim Clyburn of South Carolina. He also noted backing from moderate Wisconsin Democrats, support he called more critical than that from national figures.

"We are building a broad coalition because that's what it's going to take to beat Ron Johnson," he said. "It's not about labels. It's about who's been on top, and everybody else who's been left at the bottom. And the working-class values are what matters the most in this campaign."

A Marquette Law School poll in mid-June found that Mr. Barnes is still something of a blank slate to many in the state. In the survey, 57% of respondents didn't know enough about him to form an opinion, which could leave him more vulnerable to Republican attempts to define him.

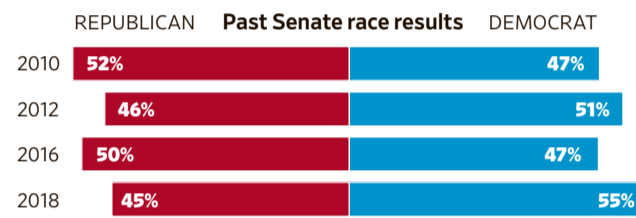
Ben Voelkel, a senior adviser to Mr. Johnson's campaign, called Mr. Barnes a "progressive puppet" who is campaigning on "a socialist's wish list."

Despite not yet being well known by many voters, Mr. Barnes was found in the Marquette poll to be in a statistical tie with Mr. Johnson in what was then a hypothetical matchup. The survey had a similar result among independent voters.

Wisconsin, which recorded the third-narrowest outcome in

## Wisconsin's Independent Electorate

The state's voters have twice sent conservative Sen. Ron Johnson and liberal Sen. Tammy Baldwin to Washington. Mr. Johnson is seeking a third term in November.



Source: Wisconsin Elections Commission

the 2020 presidential election, has elected both progressives and conservatives to statewide office. In 2018, it re-elected Democratic Sen. Tammy Baldwin, the first openly gay person to serve in the Senate and one of the chamber's most liberal members, by almost 11 percentage points.

Mr. Barnes, the son of a public-school teacher and assembly-line worker, has worked as a community organizer and served four years in the state Assembly, representing part of Milwaukee. He was elected to his current post on a 2018 ticket that beat Republican Gov. Scott Walker. If elected in November, Mr. Barnes would be the first Black senator from Wisconsin.

Mr. Johnson, 67, who is seeking a third term, will be campaigning in a national environment favorable to Republicans, while also confronting some of the worst poll ratings of his career. The Marquette survey found 37% of registered

voters view him favorably, while 46% hold an unfavorable view. His favorability rating in the state is lower than that of President Biden, who is viewed positively by 42% and negatively by 54%.

Throughout the primary, Mr. Barnes has been one of the most progressive-minded candidates. His nearest rival for that title was Tom Nelson, the top elected official in a county southwest of Green Bay, Wis., who was a 2020 delegate for Mr. Sanders. Mr. Nelson endorsed Mr. Barnes after suspending his campaign at the end of July.

Another previous top candidate, Alex Lasry, also dropped out at the end of July and endorsed Mr. Barnes. Mr. Lasry, whose father is a billionaire hedge-fund manager and a co-owner of the Milwaukee Bucks basketball team, had run a more center-left campaign.

State Treasurer Sarah Godlewski, who had polled well behind Messrs. Barnes and

Lasry, suspended her campaign July 29 and endorsed Mr. Barnes. Her campaign had also been more center-left.

Republicans have highlighted that Mr. Barnes backs Medicare for All, a proposal promoted by progressives and opposed by Mr. Biden that would create a single-payer national health-insurance plan.

They have also pointed to past progressive-leaning social-media postings from Mr. Barnes, including one in which he is holding a T-shirt with the slogan "abolish ICE," popular with those who want to eliminate the agency. Mr. Barnes has said he doesn't support dissolving ICE.

He tweeted in 2020 that "defunding the police only dreams of being as radical as a Donald Trump pardon," a reference to a progressive rallying cry that has proven politically toxic for Democrats. Mr. Barnes has since said that he doesn't support defunding the police and wants to see greater investment in crime prevention.

On the campaign trail and in his advertising, Mr. Barnes has mostly avoided hot-button liberal issues and instead stressed his desire to boost manufacturing jobs and protect abortion rights. Like Mr. Barnes, Mr. Johnson will have his own relationships and past statements to explain to voters. The incumbent is closely aligned with Mr. Trump and has at times backed the former president's false claims of widespread election fraud in 2020.

## CVS Plans To Bid for Signify

Continued from Page One

in 25 U.S. markets and works with more than 8,000 companies to provide health benefits to employees, including with in-person and virtual care.

Signify uses analytics and technology to help health plans, employers, physician groups and health systems with in-home care. It also offers in-home health evaluations for Medicare Advantage and other government-run managed-care plans. At the close of its deal this year to buy Caravan Health Inc., Signify said it supported roughly \$10 billion in total medical spending.

Signify went public in February 2021 at \$24 a share, and its stock closed up nearly 32% on its first trading day. Since then, the shares have fallen below their offering price, closing Friday at \$19.87 each. In July, the company said it planned to wind down one of its units after changes to a government-payment model and focus on more-profitable businesses.

New York-based private-equity firm New Mountain Capital is an investor in Signify after first backing it in 2017. The firm is well-versed in the sector, having sold healthcare payments firm Equian LLC to UnitedHealth Group Inc. for about \$3.2 billion in 2019.

Technology and retail giants are keen to make inroads into the nation's \$4 trillion healthcare economy, helping fuel growth of medical care outside of hospitals, as patients now more regularly seek care in more convenient and lower-cost settings. Demand for so-called telehealth services during the Covid-19 pandemic increased the use of virtual care.

Yet the healthcare industry, governed by myriad state and federal regulations and an array of companies and providers, has proved difficult to disrupt. A health-care joint venture set up by Amazon, Berkshire Hathaway Inc. and JPMorgan Chase & Co. called Haven, fizzled after three years. The three companies spent roughly \$100 million but struggled to manage fundamental issues related to the cost of healthcare, data and staff turnover.

Last week, CVS raised its outlook for the year after reporting an 11% increase in second-quarter sales, buoyed by growth across its health platforms.

## Many GOP Lawmakers Not Ready to Back a Trump Run

By SIOBHAN HUGHES

WASHINGTON—Congressional Republicans tout former President Donald Trump's success in cutting taxes and transforming the Supreme Court, and cheer his America First approach to foreign affairs and ability to motivate Republican voters.

But as Mr. Trump weighs a new campaign for the White House in 2024, many GOP lawmakers aren't ready to throw their support behind him. In interviews with nearly three dozen Republican lawmakers who were asked whether Mr. Trump should run, many deflected the question, saying Mr. Trump's decision is up to him without endorsing the idea.

Only four affirmatively said they wanted Mr. Trump to try for another term, while three others said they hope he stays out, citing what they see as his divisive style of politics, his age, and the rise of other promising Republicans interested in the White House.

"I think we need a new generation of leadership," said Rep. Chris Jacobs (R., N.Y.), who is retiring after this term. His was the most pro-Trump congressional district in New York state in 2020. "I support a lot of Donald Trump's policies. And I think that they benefit this nation. But I think it's time to move on."

The mixed feelings about a Trump run come as both parties are struggling with the best path forward. President Biden has said he plans to run for re-election, but in the face of lukewarm support in his party, some Democratic law-



Former President Donald Trump at the Conservative Political Action Conference in Dallas on Saturday

makers have said they wish he wouldn't. Republicans face a different dilemma: Mr. Trump has enthusiastic backing among many conservative voters, but turns off many others, and the party wants to avoid a replay of the 2020 loss of the White House and Senate. Mr. Trump often tries to punish his critics, further muddling the GOP picture.

"You pick up good things and you pick up not so good things, and that's all going to be there," said Sen. Shelley Moore Capito (R., W.Va.). She said Mr. Trump would make his own decision about running.

Others who said Mr. Trump should make up his own mind included Sens. Joni Ernst of Iowa, Tommy Tuberville of Alabama and Rick Scott of Florida, along with House Minority Leader Kevin McCarthy of Cali-

fornia and Rep. Tom Cole of Oklahoma. Reps. Bob Latta of Ohio and Daniel Webster of Florida said it was important to get through the midterms first before thinking about the presidential contest.

Mr. Trump, 76 years old, would be 78 in November 2024, just slightly older than Mr. Biden was when he won the presidency in 2020. Other Republicans who are considered potential contenders are Florida Gov. Ron DeSantis, former Vice President Mike Pence and Sen. Ted Cruz of Texas, all of whom are at least a decade younger. How many jump in is expected to depend in large part on Mr. Trump's decision.

The former president has repeatedly floated a rematch with Mr. Biden and is considering announcing before November, though many aides want him to hold off until after the

midterms. "We may just have to do it again," he said in recent speech.

Mr. Trump's strongest supporters say that they are fully behind a Trump candidacy in 2024, and that no other Republican can replicate his appeal. Mr. Trump's tough talk on immigration, crime and trade, among other issues, hit a deep chord among many conservative voters.

"Anybody that runs on the Republican ticket is gonna run on America First, Trump policies," said Rep. Brian Mast (R., Fla.), who wants Mr. Trump to run. "I've yet to see a carbon copy as good as the original."

Other Republicans who said in interviews they wanted Mr. Trump to run included Sens. Lindsey Graham of South Carolina and Steve Daines of Montana, and Rep. Jim Jordan of Ohio.

Republicans are also watching to see how the candidates Mr. Trump successfully backed in GOP primaries fare against Democrats in midterm races, particularly in Senate contests as the party is hoping to take back the majority. Mr. Trump has backed Herschel Walker in Georgia, Blake Masters in Arizona and Mehmet Oz in Pennsylvania, all of whom are expected to face tough races in November. Victories would burnish his standing as the leader of the party, while losses could undercut his claim to a third White House nomination.

On the House side, Republicans feel confident about their prospects of taking back control of the chamber in the midterms, hoping voters focus on economic issues. Mr. McCarthy, who recently met privately with Mr. Trump, has pushed him to hold off announcing any decisions about the presidential contest until after the midterms. Asked if Mr. Trump should run in 2024, Mr. McCarthy said that "he's got to decide whether he wants to run in 2024," but that his advice on any decision was "let's go win '22."

In late July, when Mr. Trump was in Washington, D.C., to speak at the America First Policy Institute Agenda Summit, about 25 House Republicans showed up to hear him, said one attendee, who had expected a bigger showing.

Parts of Mr. Trump's record have also been in the spotlight in recent months. A series of televised hearings by the Jan. 6 panel investigating the Capitol riot have focused on his actions leading up and during

the attack. Mr. Trump was impeached by the House last year for inciting an insurrection and acquitted in the Senate, even as seven Republicans joined Democrats in voting to convict.

Many GOP lawmakers dismissed the idea that the hearings had an impact on the public's view of Mr. Trump. But some said the hearings were one more in a list of reasons for voters to look elsewhere.

Sen. Mitt Romney (R., Utah), a regular critic of Mr. Trump, said the former president should "absolutely not" run but also said he believes that most voters' impressions of Mr. Trump were firmly set before the Jan. 6 hearings.

At a closed-door meeting in July of the House Republican Study Committee, which represents a wide swath of the Republican conference, lawmakers applauded Mr. Pence, who refused to cave to Mr. Trump's demand that he reject some states' results in order to block Mr. Biden from becoming the president.

Rep. Clay Higgins (R., La.), who didn't say whether Mr. Trump should run, criticized Republicans who have been outspoken opponents of Mr. Trump. He said they would have a change of heart if he won the 2024 GOP presidential primary and then the presidency, much as many shifted their stance in 2016.

"If Trump decides to run, he is the nominee and he wins," Mr. Higgins said. "There'll be some Republicans who won't like it. But watch. They'll get real quiet."

—Chad Day and Aaron Zitner contributed to this article.

U.S. NEWS

# Abortion Ruling Sparks Phone-Data Debate

By PATIENCE HAGGIN

In May, shortly after the draft of the Supreme Court opinion overturning *Roe v. Wade* became public, location-data specialist **Tapestri** Inc. received unusual requests from two companies.

Each wanted to purchase mobile-device data that would reveal users who had visited abortion clinics along the Illinois-Missouri border, **Tapestri** Chief Executive Walter Harrison said.

**Tapestri** declined both requests, saying it doesn't keep such data. "In our view, that's the best way to do it: just not collecting it at all," Mr. Harrison said.

The Supreme Court's June decision in *Dobbs v. Jackson Women's Health Organization*, which has been followed by a wave of state laws banning or restricting abortion, is drawing attention to the \$10 billion-plus market for people's mobile-phone location data. The industry is made up of an array of companies, from big tech firms to data aggregators and brokers who buy and sell the information. Every day, connected devices such as smartphones and fitness trackers gather a trail of location data that eventually finds its way into that under-the-radar marketplace. The data often is used for commercial purposes such as customizing ads or apps.

Since the Supreme Court's *Dobbs* ruling, companies across the location-data industry are examining and in some cases revising how they handle data regarding visits to abortion clinics. Some are agreeing

voluntarily not to sell the data or say they will store it in ways that mask the location. Some such as **Tapestri**, which pays consumers for sharing their anonymized location history, delete any health-related location information they deem to be sensitive.

Opponents of the court's ruling and privacy advocates say personal reproductive health data could be publicized or used to build a legal case against people seeking or providing abortions. "These kinds of requests for user data are going to sharply increase," said Jennifer Lynch, surveillance litigation director at the Electronic Frontier Foundation, a

digital-rights advocacy group.

A CEO of one location-data firm said the privacy advocates' fears are overblown, in part because the data is often imprecise and could be challenged in court. Some industry executives and researchers say restricting the collection and use of the data might prohibit other uses, such as studying how people access healthcare.

About a dozen states have enacted laws that ban many or most abortions, and several others are expected to pass similar measures. A few states, including Texas, have provided financial incentives for people to bring civil lawsuits against those suspected of aiding

abortions.

Thus far, there have been few, if any, criminal or civil investigations since states' abortion bans were enacted, in

**Privacy laws have placed new curbs on data-location companies.**

part because abortion providers in those states have generally ceased performing the procedure if there is any ambiguity about its legality.

Concerns over collection and storage of reproductive health data is the latest challenge for the location-data industry, which over the past few years has faced scrutiny from lawmakers and regulators. Data-privacy laws in California and other states in recent years have placed new restrictions on the companies, such as requiring companies to give consumers the right to opt out of having their data sold.

The Federal Trade Commission in July said it would strictly enforce laws governing the collection, use and sharing of sensitive consumer data. "The misuse of mobile location and health information—

including reproductive health data—exposes consumers to significant harm," wrote Kristin Cohen, acting associate director for the commission's division of privacy and identity protection.

Some privacy experts said companies' pledges to not share information won't be enough to protect people who seek or provide abortions. "They really shouldn't be collecting unnecessary data in the first place," said Sara Geoghegan, law fellow at Electronic Privacy Information Center. "And some sort of scout's honor promise is no substitute for enforced privacy rights or legal limits on data processing."

## Indiana Employers Criticize New Law

By EMILY GLAZER

Indiana-based companies **Eli Lilly & Co.** and **Cummins Inc.** spoke against the state's new abortion law, saying the restrictions could hurt the companies' ability to keep and attract employees and could affect where the businesses grow.

The Saturday statements came after Indiana's governor on Friday signed a near-total ban on abortions shortly after lawmakers approved it. The ban takes effect Sept. 15 and includes exceptions.

Lilly, based in Indianapolis, said the company is concerned the law will impact its ability to attract "diverse scientific, engineering and business talent from around the world." The company, with a market capitalization of \$292 billion, is one of the biggest employers in Indiana, with more than 10,000 of its roughly 37,000 global workers in the state.

Calling abortion a "divisive and deeply personal issue," the company said it has expanded its health-plan coverage to include travel for reproductive services unavailable locally.

Many businesses have made similar adjustments since the U.S. Supreme Court in June said abortion wasn't a constitutional right.

But Lilly said on Saturday such efforts "may not be enough for some current and potential employees," according to the statement. "Given this new law, we will be forced to plan for more employment growth outside our home state."

Cummins, also a major employer in Indiana, said it had shared its concerns about the bill with state legislators before and during the legislative process. It said women should have the right to make reproductive-healthcare decisions, and that such an ability was important to equal opportunity and diversity in the workplace.

Provisions in the law "impact our people, impede our ability to attract and retain top talent and influence our decisions as we continue to grow," a Cummins spokesman said on Saturday. The company, valued at about \$31 billion, has around 60,000 employees with around 10,000 in Indiana, the spokesman said.

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## WORLD NEWS

## Explosions Rock Ukraine Nuclear Plant

Kyiv, Moscow blame each other as concerns mount that war could unleash a catastrophe

By IAN LOVETT  
AND JARED MALISIN

ZAPORIZHZHIA, Ukraine—Explosions shook Europe's largest nuclear plant over the weekend, prompting warnings from Ukraine's nuclear regulator that the war could unleash a catastrophe.

Located in the Russian-occupied city of Enerhodar along the Dnipro river, which divides the Russian and Ukrainian forces in the area, the Zaporizhzhia nuclear-power plant is now perilously close to the front lines of the fighting.

Each side blamed the other for shelling near the plant, which severed a high-voltage power line, prompting plant staff to close one of its six reactors over the weekend, said the Ukrainian nuclear regulator, Energoatom. The plant has been controlled by the Russians since the early days of the war, but Ukrainian staff are still operating it.

"This time a nuclear catastrophe was miraculously avoided, but miracles cannot last forever," Energoatom said on Telegram on Sunday.

Roughly 500 Russian troops were at the nuclear station, where they have been entrenched for several weeks and are firing rockets at Ukrainian positions across the river, Ukrainian officials said.

So far, Ukrainian authorities have said there has been no damage to the reactors and no



Volunteers on Sunday helped distribute food and hygiene kits at a church in Zaporizhzhia, near the site of Europe's largest nuclear plant.

radiological release. But rockets fired on Saturday night damaged three radiation monitors, Energoatom said on Telegram on Sunday, and about 950 square yards of window surfaces in plant buildings were damaged because of fragments from explosions. One plant employee was hospitalized with shrapnel wounds.

Oleksandr Starukh, the governor of the Zaporizhzhia region, wrote on Telegram on Sunday that because of the hostilities and planned maintenance, only two of the nu-

clear plant's six reactors were connected to the power grid.

"Due to the destruction of power grids, there is a danger that it will not be possible to withdraw electricity from the station," he wrote. Energoatom has also accused Russia of trying to disconnect the nuclear station from the power grid, which could plunge much of southern Ukraine into darkness.

Russian-installed authorities in Enerhodar, a municipality in the western part of the Zaporizhzhia region, told Russian news agency RIA Novosti that

fragments of rockets they said were fired overnight by Ukrainian forces landed no more than about 440 yards from the power plant. The report couldn't be independently verified.

Alarmed at the shelling around the plant and damage to the site, the head of the United Nations atomic agency on Saturday condemned the military activity near the power station and pressed for his team to be given access to the plant. Ukraine is already the site of the world's most catastrophic nuclear accident,

the meltdown at the Chernobyl nuclear plant in 1986.

"Any military firepower directed at or from the facility would amount to playing with fire, with potentially catastrophic consequences," the International Atomic Energy Agency's Rafael Grossi said.

The weekend shelling is the latest in a series of incidents at the country's nuclear facilities, including a previous fire at Zaporizhzhia caused by a Russian missile and a loss of power at the Chernobyl site, over which Ukraine regained

control after Moscow withdrew troops from northern Ukraine in March.

In a speech overnight, Ukraine's President Volodymyr Zelensky said the threat to the plant justified sanctions against the entire Russian nuclear industry. "The Russian shelling of the nuclear plant is one of the most dangerous crimes against Ukrainians and all Europeans," he said.

Also on Sunday, a third shipment of food products left Ukrainian ports.

A convoy of four ships, carrying more than 161,000 metric tons of corn, sunflower oil and other goods, departed ports in Odessa, Ukrainian authorities said. It was the second multiship convoy to leave Ukraine in three days under a U.N.-backed agreement with Russia, and is aimed at alleviating a global hunger crisis amid a surge in global food prices caused in part by Russia's assault on Ukraine.

The war trapped millions of tons of grain and other food products in the country. The agreement signed in July was the result of months of negotiations brokered by Turkey and the U.N.

Eight ships have now departed Odessa's ports this month under the agreement in, what the U.N. says is proof the accord can actually work.

In a sign that the shipments may be able to continue, the first inbound ship to sail to Ukraine under the agreement arrived in Odessa, according to Ukrainian officials and ship-tracking data.

—Ann M. Simmons  
in Moscow  
contributed to this article.

## Drones Change the Face of Battle

By YAROSLAV TROFIMOV

PRYBUZKE, Ukraine—"Fire," a Ukrainian reconnaissance unit commander said after receiving a message from the artillery team.

It took more than 20 seconds for the sound of a Ukrainian artillery round to reach this narrow strip of woodland on the front line between Ukrainian-held Mykolaiv and Russian-occupied Kherson in southern Ukraine.

As the shell whistled overhead, another member of the team who goes by the call sign Zhora zoomed in on his terminal's screen to see where it landed. A third member, Thor, leaned over to mark the location on a tablet with Kropyvva, a mapping and artillery software developed for the Ukrainian military.

A plume of dark smoke could be seen on the drone's feed before the sound of the explosion traveled back. "Oh, that was real close!" the 34-year-old Zhora said with a smile, noting the short distance between the impact spot and a fortified Russian position sheltering a BMD armored fighting vehicle.

That is how much of the fighting goes on these days in Ukraine, where the front lines—with the exception of some parts of the Donbas area in the east—haven't moved much in months. The two armies try to weaken each other in daily artillery exchanges that are guided by hundreds of spotters flying drones over enemy lines.

Abdulla, the commander of this special drone reconnaissance platoon, known as Terra, relayed the coordinates for the next round of artillery.



Reconnaissance soldiers from the Terra platoon direct drones to relay coordinates for artillery attacks.

Just minutes earlier, Abdulla and his men were themselves scampering to seek cover in two dugouts after Russian forces spotted their drone in the air and fired several rounds in their general direction. The rounds landed too far away to cause damage. Not far from the spot, the remains of a burned-out car marked Russia's success in eliminating another Ukrainian drone team a few weeks earlier.

"It's a different kind of war now," said Abdulla, a motorbike-race driver who obtained his law degree just before the war. "As people here say, if it comes down to exchanging gunfire, you've already made a mistake."

While drones have been around for decades, employed by the U.S. in Afghanistan and Iraq, and by Azerbaijan to devastating effect against Armenian forces in 2020, the

high saturation of the front lines by unmanned aircraft is a unique feature of the Ukrainian war.

Russia and Ukraine operate professional military drones. Russia's large fleet of Orlan-10 winged observation drones poses a serious problem for Ukrainian forces, which often don't have the means to shoot them down. Ukraine employs its own fixed-wing observation drones, Leleka and Furia, as well as the Turkish-made Bayraktar TB2 armed drones that played an important role in destroying Russian armored columns in the early days of the war.

Kyiv has also deployed so-called kamikaze drones such as the U.S.-made Switchblade and the Polish-supplied Warmate.

Much more widespread on the front lines are off-the-shelf commercial drones, such as

Chinese-made DJI quadcopters, operated by teams attached to individual battalions and companies of troops. With a retail price of around \$3,000 for a DJI Mavic 3 and upward of \$10,000 for the bigger DJI Matrice series, these drones can make all the difference on the battlefield, soldiers say.

On a recent day, Abdulla and three other soldiers, with guns, two drones in their carrying cases and backpacks full of spare batteries, got into a spray-painted pickup truck. The platoon's drones and vehicles had been purchased with money contributed or collected by the team members themselves.

"What is demoralizing somewhat is that [Russian forces] have lots more stuff," Zhora said. "You blow something up, and then you see them replace it already the next day."

## Palestinian Militants, Israel Set Cease-Fire

By DOV LIEBER  
AND AARON BOXERMAN

JERUSALEM—Israel and Gaza militant group Islamic Jihad agreed to a cease-fire late Sunday after three days of fighting that saw more than 40 Palestinians killed and rockets fly deep into Israel's heartland, in the most intense exchange of fire since an 11-day conflict last year.

The ceasefire, brokered by Egypt and the United Nations, came into effect at 11:30 p.m. local time, Israeli, Palestinian and Egyptian officials said.

Israel said it would "respond strongly" if the cease-fire deal was violated, but didn't comment on its terms.

As part of the cease-fire, the Iranian-backed Islamic Jihad said Egypt had pledged to the group that it would work to free two of its members from Israeli prisons. A U.N. team will visit one of the two men, Bassam al-Saadi, a senior commander who was recently arrested, two people familiar with the matter said.

President Biden welcomed the cease-fire, saying the U.S. has worked with Israel, the Palestinian Authority and other parties "to encourage a swift resolution to the conflict."

Mr. Biden said he supports Israel's right to defend itself against attacks. He added that his administration supports a thorough investigation into reports of civilian casualties in Gaza, "whether by Israeli strikes against Islamic Jihad positions or the dozens of Islamic Jihad rockets that reportedly fell inside Gaza."

The cease-fire comes after Israel's military carried out a wave of airstrikes targeting what it said were Islamic Jihad members and sites since Friday, and the militant group launched hundreds of missiles at the country's south and center.

At least 44 Palestinians have been killed, including two senior militant commanders and 11 children, while 360 people have been wounded, the Gaza Health Ministry said.

An Israeli military spokesperson said on Saturday that Israeli strikes had killed 17 Palestinians, mostly militants.

Israel said it believes some of the Palestinian casualties were caused by errant Palestinian rockets landing inside Gaza. This includes one incident inside Gaza's Jabaliya neighborhood on Saturday night, in which six Palestinians, including several children were killed. Palestinian authorities have yet to officially comment on the incident.

Islamic Jihad has fired over 1,000 rockets at Israel since Friday, but 160 of those fell inside Gaza and 300 were intercepted by Israel's Iron Dome defense system, the Israeli military said. Those not intercepted largely landed in unpopulated areas.

Israeli paramedics said they brought 47 people to hospitals as a result of the rocket fire, including three injured by shrapnel, 31 injured while running to secure locations, and 13 with stress symptoms.

Tensions between Israel and Islamic Jihad rose last week after Israeli troops arrested Mr. al-Saadi in the occupied West Bank, where Israel says the group has been trying to plan attacks against Israel. Following threats of revenge from Islamic Jihad, Israel shut the border crossing with Gaza and restricted movement in Israeli towns near the blockaded enclave.

On Saturday night, the head of the Israel Defense Forces Operations Unit, Gen. Oded Basyuk, told reporters that Israel had successfully killed "the entire senior security echelon of Islamic Jihad's military wing in Gaza."

## Blinken Begins Visit to Skeptical Africa

U.S. Secretary of State Antony Blinken began a three-country tour of Africa on Sunday at a time of growing U.S. concern about Russia's clout on the continent and on the heels of a recent trip by Moscow's top envoy.

By Jessica Donati  
in Washington and  
Gabriele Steinhäuser  
in Johannesburg

The rise in food prices accelerated by the Russian invasion of Ukraine has hurt Africa, where most nations are net food importers. High fuel and food costs, drought, conflict and economic disruptions

from the coronavirus pandemic are exacerbating poverty and unrest, and have driven millions to the brink of famine.

Many African countries have resisted taking sides in the war in Ukraine and dismissed Western calls to participate in sanctions targeting Moscow. Mr. Blinken's trip, which starts in South Africa, comes amid a flurry of high-level visits to the continent from U.S. officials carrying the message that Russia's actions in Ukraine are to blame for the food crisis.

"It's been somewhat of a wake-up call," said Brahim Sangafowa Coulibaly of the liberal-leaning U.S.-based think tank Brookings Institu-

tion. "African countries did not signal an overwhelming appetite to just buy into the West's rhetoric."

Major powers such as South Africa have declined to support United Nations resolutions condemning Russia. The African Union has complained to European leaders that paying for Russian food exports has become harder since most big Russian banks were removed from the Swift payment system.

Mr. Blinken's tour, which will include stops in the Democratic Republic of the Congo and Rwanda, will start as U.S. envoy to the U.N. Linda Thomas-Greenfield wraps up a

trip to the continent. Ms. Thomas-Greenfield repeatedly blamed Russia for the food crisis in meetings with high-level officials and others during her four-day trip, according to official statements on the meetings.

Russian Foreign Minister Sergei Lavrov visited four countries at the end of July, thanking African governments for staying out of the campaign of Western sanctions over the war in Ukraine. He blamed Europe and the U.S. for high food prices and offered to sell Russian oil, despite U.S. warnings that such transactions would break Western sanctions.



Rockets were launched at Israel from the Gaza Strip on Sunday.

## WORLD NEWS

## China Finishes Combat Drills

By Chun Han Wong

China wrapped up four days of live-fire and combat exercises that showcased its growing offensive capabilities against Taiwan and updated Beijing's tool kit for intimidating the island democracy.

On Sunday, the People's Liberation Army said it conducted joint training in waters and airspace near the island to test the PLA's capacity for striking ground targets and engaging in long-range aerial combat.

China Central Television aired footage of the drills in its evening newscast, showing jet fighters and strategic bombers, the latter armed with air-to-surface missiles, carrying out what the state broadcaster described as simulated attacks.

The drills, announced in response to U.S. House Speaker Nancy Pelosi's Tuesday visit to Taiwan, marked China's most striking show of force in decades near the self-governed island that Beijing claims as its territory.

The PLA's Eastern Theater Command, which oversees forces close to Taiwan, hasn't officially announced an end to the four days of exercises. On Sunday, Taiwan said it was gradually lifting restrictions on flights through its airspace as the time period China set for live-fire drills in six declared zones had lapsed. Taiwanese



Three Taiwanese air force jet fighters taxied on the runway at an airbase in Hsinchu on Sunday.

authorities would continue to redirect shipping and aircraft away from a seventh zone off the island's east coast—one that China hasn't acknowledged—until Monday morning, the transport ministry said.

On Saturday, Beijing disclosed that its military is conducting new maneuvers over the coming month in waters off China's northeastern coast near the Korean Peninsula, extending a series of PLA drills in that area.

Since starting the exercises near Taiwan on Thursday, the Eastern Theater Command has

encircled the island with rocket and ballistic-missile fire and sent warships and aircraft within range of Taiwan's military bases and major commercial ports—maneuvers Chinese military officials say demonstrated the PLA's ability to seal off the island. China's two operable aircraft carriers also teamed up for drills for the first time.

The PLA flew drones over the Taiwanese-controlled islands of Kinmen and Matsu, which sit just off mainland China. Taiwanese troops fired flares toward

that posed little threat, though the maneuvers prompted some debate among Taiwanese over whether their military should have responded more forcefully, such as by shooting the drones down or disabling them through electronic means.

It couldn't be determined whether Chinese forces conducted live firing on all four days of the exercises. PLA and state-media footage from drills conducted Friday through Sunday didn't feature live firing.

◆ Heard on the Street: Pelosi's gambit reshapes risk..... B10

## Cuba Battles Big Fire At Oil-Storage Facility

By José de Córdoba and Santiago Pérez

Cuban soldiers, firefighters and teams from Mexico and Venezuela battled on Sunday to contain a blaze at a large oil-storage terminal in the Cuban port of Matanzas, pumping seawater to cool off tanks at risk of explosion.

The major fire at the Matanzas Supertanker Base was set off by a lightning strike on Friday night, injuring 120 and leaving at least one person dead and more than a dozen firefighters missing, authorities said. At least five people were in critical condition.

The Matanzas provincial government said 60-year-old Juan Carlos Santana, one of the first responders to the blaze at the facility, was killed.

Thousands of residents living near the storage terminal were evacuated. The terminal is located near one of Cuba's largest power plants, some 50 miles east of the capital Havana.

Rescue teams and members of the Cuban Air Force helicopter squadron intensified efforts to put out the flames and cool the tanks with seawater, the Matanzas government said on Sunday.

Another team worked overnight to set up a pump that extracts water from the sea through a pipe that will move it toward the area affected by

heat from the blaze.

"We still have days of hard work ahead," the Cuban government said on Twitter. "To the extent we can quench the fire, we will be able to start the search for those missing."

President Miguel Díaz-Canel met on Sunday at a nearby hotel with relatives of the missing.

A team of more than 80 military personnel and technicians from Mexico's state-run oil company **Petróleos Mexicanos** arrived in Matanzas late Saturday. Mexico's government also sent three helicopters, Cuban authorities said. Venezuelan oil minister Tarek El Aissami said Caracas had sent 35 specialized firefighters as well as 20 tons of foam and chemicals to fight the fire.

The Communist island is already grappling with an energy crisis, including blackouts because of fuel shortages and poor maintenance at aging power plants. The blackouts have extended for as much as 12 hours in some areas in the interior of the island, causing food spoilage for residents amid shortages of food, medicine and other basic goods.

The fire engulfed two of the eight large tanks at the facility which hold fuel used to power Cuba's electricity generating stations. A ship was expected to dock to remove fuel from the remaining tanks.

## Exercises Display Beijing's Capabilities

By Alastair Gale and Nancy A. Youssef

Four days of exercises around Taiwan offered a rare glimpse into China's progress toward its goal of prevailing in any major conflict, including against the U.S. in a potential war over the island.

What the drills demonstrated, military analysts said, is the progress China has made coordinating different branches of its armed services, a hallmark of a modern military. China appeared to lack the military assets to impose a total blockade on Taiwan, they said, but Beijing showed it had enough maritime firepower to severely disrupt the island's economy.

The exercises were seen as a particular success for the People's Liberation Army Eastern Theater Command, the main regional command responsible for Taiwan that was created in a military reorganization in 2016 to improve the ability to conduct joint operations, said M. Taylor Fravel, a specialist on the Chinese military at the Massachusetts Institute of Technology. He also noted that the drills were one of the few times China has provided so much detail about an exercise.

"The ability to conduct joint operations around Taiwan has been a driver of China's military strategy and force modernization for more than two decades," Mr. Fravel said. "We should not be sur-

prised by what the PLA is doing, how it is doing it or what it has accomplished."

The latest time China fought a war was a failed attempt in 1979 to defeat Vietnam in a three-week border clash. While this wasn't a conflict situation, the exercises served as a large-scale dress rehearsal for any combat operations in the Taiwan Strait, one of the most dangerous flashpoints of the 21st century.

The drills also reaffirmed before the eyes of the world President Xi Jinping's intent to turn a sprawling military-in-

**The drills served as a large-scale dress rehearsal for any combat operations.**

dustrial complex into a cohesive fighting force that, one day, might dominate the region.

China's exercises featured fighter and bomber sorties, along with naval maneuvers, and they showcased what is believed to have been the first time China has launched missiles over the island of Taiwan. The People's Liberation Army on Sunday said it had conducted joint training in waters and airspace near the island to test its capacity for striking ground targets and engaging

in long-range aerial combat.

The exercises kicked off as an angry Chinese government protested the visit to Taipei last week by U.S. House Speaker Nancy Pelosi.

The exercises started at noon on Thursday in six zones that effectively encircle Taiwan. Several of the zones face the island's biggest commercial ports and overlap with what Taipei claims as its territorial waters, coming within 12 miles of its coastline in what some military analysts have compared with a temporary blockade.

All the main services took part in the exercises, according to Chinese press reports, including the army, navy, air force, the rocket force and support and logistical forces.

The U.S. is Taiwan's longstanding security partner and is obliged by law to make sure Taiwan can defend itself. For decades, the U.S. has maintained a policy of strategic ambiguity not saying whether it would directly intervene in a conflict. Though the White House says that policy hasn't changed, President Biden has said the U.S. would defend Taiwan if China tried to invade.

For its part, Beijing viewed Mrs. Pelosi's visit as another sign of the U.S. backtracking on previous commitments to limit ties with the island.

Since the end of last week, PLA officials haven't returned calls from their Pentagon coun-

terparts, the Pentagon said.

"The PRC has chosen to overreact and use the Speaker's visit as a pretext to increase provocative military activity in and around the Taiwan Strait," said Todd Breasseale, acting Pentagon spokesman. "Part of this overreaction has been strictly limiting its defense engagements when any responsible state would recognize that we need them now the most."



A lightning strike sparked the blaze at the Matanzas port terminal.

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—Eli Rucker  
Henderson, Colorado

## WORLD WATCH

COLOMBIA

## Leftist Ex-Guerrilla Takes Oath as Leader

Gustavo Petro, a former member of a leftist guerrilla group that had fought the Colombian state, was inaugurated Sunday as president, a decisive change in a country with a long, violent history of guerrilla wars that have stifled its modernization and polarized its people.

Standing before tens of thousands of supporters in Bogotá's colonial central square, the 62-year-old Mr. Petro pledged that he would work to lower poverty and hunger in this country of 50 million people and secure peace by engaging in talks with several armed groups.

He also laid out an ambitious platform to redistribute wealth, modernize a poor countryside and adopt environmentally friendly economic policies.

—Juan Forero and Kejal Vyas

HONG KONG

## Travelers' Covid-19 Quarantine Time Cut

Hong Kong cut the Covid-19 quarantine period for inbound travelers to three days, laying out further measures to streamline



Gustavo Petro receives the presidential sash from Sen. María José Pizarro during his swearing-in ceremony in Bogotá, Colombia.

stringent border controls but falling short of what businesses say is needed to restore its reputation as Asia's global financial center.

From Friday, travelers arriving in the city will be allowed to leave their designated quarantine hotels after three days, instead of seven now, officials said early Monday. During that period they will not be allowed into places that now require a vaccine pass, such as gyms and restaurants, they said.

The city's reputation has taken a hit in recent months, caught between sticking to stringent anti-virus controls in line with Beijing's policy, and trying to retain its appeal as an open and globally connected base for business.

—Natasha Khan

CHINA

## Export Growth Beat Forecasts Last Month

China's export machine remained surprisingly resilient in July following a strong rebound from the spring's harsh Covid-19 restrictions, defying again predictions of softening global demand for Chinese-made goods.

Shipments to the rest of the world rose to \$332.9 billion in July, China's General Administration of Customs said, an 18% increase compared with a year earlier. The reading beat a median forecast of 15.6% growth among economists polled by The Wall Street Journal.

—Stella Yifan Xie



## FROM PAGE ONE



Suwalki, Poland, lies in a corridor of NATO territory between Russian military strongholds. Ewa Sidorek, a former deputy mayor, left, says many are frightened, while Andrzej Sek, who lectures on security at a university, doesn't see an immediate threat.



## Moscow Stokes Fear In Europe

Continued from Page One

Threatening comments from the Russian and Belarus governments have increased anxiety in the region, as have moves such as a bill recently introduced in Russia's parliament to revoke Moscow's 1991 recognition of Lithuania's independence from the Soviet Union.

The Ukraine invasion has sparked similar unease in other nations surrounding Russia that for decades either were allied with Moscow or saw little threat of attack. Finland and Sweden have applied for NATO membership, while Kazakhstan and some other former-Soviet republics in Central Asia that remained in Russia's orbit have edged away from Moscow, in part due to wariness over its reliability.

The Suwalki Gap region has a long history of conflict. Napoleon's armies crossed it while invading and retreating from Russia. During both World Wars, it saw fierce fighting. When World War II ended, it fell under the control of the Soviet Union, and Kaliningrad was designated Russian territory.

Today, although military and intelligence officials don't see an immediate military threat from Russia, they worry about its aggression and unpredictable behavior.

Ewa Sidorek, a former deputy mayor of Suwalki, said many locals got scared when Russia attacked Ukraine, and some remain shaken. She said

one friend keeps a suitcase packed and her gas tank filled in case she needs to escape. Even more unnerving is that people in other parts of Poland think the region is already under attack.

"People call and ask how the war is here," said Ms. Sidorek. Although the area is quite affordable for tourists, she said, visitor numbers are down significantly this year, "Tourists think it's dangerous," she said.

Suwalki Mayor Czeslaw Renkiewicz predicts tourists will eventually return, but he worries that talk of Russian aggression will deter investors. When Polish President Andrzej Duda recently met near Suwalki with Lithuanian President Gitanas Nausėda, the mayor told Mr. Duda that local lumber, furniture and manufacturing companies might eventually need state support.

In nearby Goldap, a town of 19th century Prussian buildings less than three miles from the Kaliningrad border, hotels have faced cancellations, and the spring-water health center has fielded questions about restrictions, said Zuzanna Rozmyslowska-Wasilewska, a manager at the regional tourist center. "A lot of apartments are for sale now," she said.

Across the border in Lithuania, Sandra Kvietinskaite, who manages a municipal office supporting startups in the small city of Marijampole, has an evacuation plan ready. After Russia attacked Ukraine, she said, she checked that her parents' passports were valid and packed bags, which she still keeps ready.

In an emergency, she said, she would take her parents to Germany to stay with relatives, and she would go to Norway, where she once worked. "I hope we're safe," she said. "I cross my fingers."

Retired Polish Army Col. Kazimierz Kuczynski, who lives in Suwalki, is less worried. He said Russia has expended so many munitions in Ukraine that it lacks resources to attack. "We can sleep peacefully," he said.

Andrzej Sek, a lecturer in internal security at the PUZ State Vocational University in Suwalki, runs an annual conference on the Suwalki Gap. Meetings have addressed issues such as a hybrid war involving cyberattacks, sabotage and other unconventional tactics.

"Today, I don't see a big threat to Poland, Lithuania or the Suwalki Gap," he said. "What comes in the near future, who can say?"

Anxiety in the region increased in June when Russia and Lithuania sparred over a train line running through Lithuania that connects Kaliningrad to continental Russia.

For decades, the tracks were in Soviet territory, but the 1991 breakup of the U.S.S.R. and Lithuania's independence turned the tracks

into an international route. When the Baltic states entered the European Union in 2004, Russia and Lithuania agreed to terms for the train's operation. Roughly 250 Russian trains crossed Lithuania each month last year, according to Lithuanian Railways.

EU sanctions on Moscow since February have complicated that arrangement. In June, Lithuanian authorities began enforcing EU restrictions by forbidding the shipment of some banned products on the train line. The resulting standoff temporarily halted all Russian rail traffic to Kaliningrad.

Moscow accused Lithuania of imposing a blockade on Kaliningrad and threatened an unspecified response. As tensions mounted in July, Lithuania said it was only enforcing EU rules, while Germany and some other members urged it not to inflame the situation. In late July, Lithuania and EU allies agreed to an approach meant to avoid conflict, but citizens were rattled.

"There are Russian trains

running through Lithuania. Obviously, we're nervous," said Migle Onaityte, a 19-year-old resident of Pilviskiai, near the train line.

Many Russian trains are escorted by Lithuanian helicopters to ensure they don't stop, and that nothing is put on or taken off a train. Lithuanian border guards now fly four times as many patrols as they did in 2020, according to an interior ministry spokeswoman, and other helicopters take part in military exercises.

"People thought the helicopters were Russian," said Ms. Onaityte. "It's scary."

"People are also afraid of Belarus," said Davydas Jaisaitis, a friend of Ms. Onaityte's who was recently spending the day with her and other friends at Lake Vistytis, which forms part of Lithuania's border with Kaliningrad.

Behind the visitor center, a road led to a dock where families splashed in the water. A short distance away, behind a tall fence topped with razor wire, a guard tower marked Russian territory.

Suwalki native Tadeusz Szturgulewski, 88 years old, was 5 years old when Soviet troops invaded Poland in 1939, days after Nazi Germany invaded from the west. Two years later, Germans stormed through to invade the Soviet Union, and three years after that, Soviet forces returned on their way to Berlin.

Mr. Szturgulewski, an activist in Poland's anti-communist Solidarity movement during the 1980s, said he would grab a rifle to fight if Moscow's forces return.

"The Germans were much more civilized than the Russians," he said. "The Nazis would just shoot you, but the Russians would torture you and then kill you."

Russia's attack on Ukraine has focused attention in Suwalki on civil-defense preparations, even among people who don't fear an invasion. Ms. Sidorek, the former deputy mayor, said the region has written protocols, but plans aren't publicized. "Most people have no idea about alarms or procedures," she said.

Mr. Renkiewicz, the mayor, said that earlier this year he ordered a survey of basements and parking facilities that could serve as shelters, but that he didn't publicize results to avoid increasing anxiety. He said residents should be educated about the significance of different alarms from the city's 19 civil-defense sirens.

Semiannual visits by U.S. and European NATO troops to a base about 55 miles away, he said, have offset some anxiety. Troops have participated in summer picnics and Christmas festivities, bringing singing groups and introducing themselves.

"People see that we don't just say that NATO is here, but they're really here," Mr. Renkiewicz said.



The road leading from Goldap, Poland, to the Russian border is now closed amid rising tensions.

## Customers Pan Salad Removal

Continued from Page One

"Everyone wants back the same thing I do, the snack wraps and the salads with fresh chicken," said Mr. Reizner, who now makes his own salads to eat in his car during lunch breaks at work.

McDonald's first rolled out freshly prepared salads nationally in 1987. Salads never occupied more than a small slice of the menu at the chain, but they helped give its offerings some balance and were a

retort to those who said it should have healthier options.

In 2000, the company introduced the McSalad Shaker—greens crammed in a plastic cup that could fit in a car's cup holder and allow people to readily mix the dressing.

"I could just dump in the dressing and shake it up and eat it in a cup on the go," said Janay Ruiz, a 35-year-old in the Los Angeles area.

It wasn't perfect. The tightly packed lettuce occasionally exploded out when the cups were opened, one franchisee says.

The chain discontinued the McSalad Shaker in 2003. Then it sold a line of premium salad entrees for more than a decade, followed by offerings called Bacon Ranch Salad with Crispy Chicken and Southwest

Salad with Artisan Grilled Chicken.

The move to strike salads in 2020 also nixed yogurt parfaits and some other items for those wanting lighter alternatives. Sticking with fries and burgers drove sales, McDonald's said, and removing a lot of extra options improved order accuracy and speed at a time when the chain was leaning heavily on its drive-throughs.

"Wherever their taste buds may lean, we're always listening and constantly reviewing our menu based on what they are craving the most," McDonald's said. It added that apple slices and oatmeal remain on its U.S. menus.

This year, McDonald's gave franchisees the option to serve two prepackaged greens or-

ders, Caesar Salad with Chicken and Bacon and Southwest Style Salad. Some offer them, but many others haven't bothered to, adding a new pandemic-era stress for parents seeking permissible options to go with Happy Meals.

Kristi Chassen, a 36-year-old teacher in New York City's Queens borough, was used to ordering a Southwest Style Salad with chicken for herself when picking up Chicken McNuggets and fries for her 7-year-old and her 9-year-old. She commiserated with other fans of McDonald's salads in an independent Facebook group devoted to the chain.

Delaney Ybarra of Denver used to work at McDonald's, where she met her husband. The two shared a love of the chain's greens concoctions,

and as an employee, she didn't mind making them.

"Fried food and burgers gets very old and when you eat that almost every day for a long time," said Ms. Ybarra, 22. With salads vanished from her local McDonald's, Ms. Ybarra says she goes to Chipotle Mexican Grill Inc. or Chick-fil-A, both of which offer them.

Frank Bonomo, a 44-year-old furniture designer from Brooklyn, recently added the slogan "All I want is for McDonald's to bring back salads" to his Twitter account and began virtually goading the chain. McDonald's responded at first, telling Mr. Bonomo to stay tuned, but then stopped, he said.

Mr. Bonomo said he still regularly goes to McDonald's, now assembling multiple Mc-

Nuggets from the Value Menu and fries into a meal.

The other day he heard a woman ask for a salad, only to be disappointed. "I thought, 'I'm not alone,'" he said.

Suzie Francis, a 55-year-old community-college employee in Pikeville, Ky. said that before McDonald's changed its policy, it had become her salad solution after too many heads of lettuce spoiled in her fridge.

When a nearby McDonald's dropped freshly tossed salads, Ms. Francis for a while asked the restaurant's workers when they might return. Eventually she gave up asking for the McDonald's salad.

"I know it's not a healthy meal by any means, but it's a bit better than a burger," Ms. Francis said. "Just please bring it back."

# How to Vent at Work and Not Regret It

There are right and wrong ways to unload occasional frustrations. Choose your confidants wisely and listen to yourself.



gether, eyes radiating: “That meeting just sent me over the edge.”

Keep it off-screen if you can, since anything written will always be risky, Dr. Davey notes. Play it safe and try venting to yourself first in a voice memo.

“Yell into your phone,” she advises. Play it back privately. Ask yourself, “Do I sound ridiculous?” Then hit delete.

Trejon Dunkley, who works for a real-estate firm in Mesa, Ariz., used to gripe about everything from politics to her personal life on her social-media accounts.

“I would just find myself opening my Twitter and treating it like a diary,” the 28-year-old says. She kept getting embroiled in online arguments and realized exposing her deepest emotions to strangers only raised her aggravation. She quit social media about a year ago, and rediscovered the joy of screaming in her closet and scrawling illegibly in a journal.

“There’s a visceral feeling of the anger translating out through my hands,” she says.

Venting to others has upsides, too. Cathryn Tusow still remembers how dishing about rough customer calls—the guy who followed up every morning for three months, the one who threatened to

break her knees—helped her feel less alone during her years as a customer-service agent.

She and her call-center co-workers had little else in common, but they understood the job in ways no one else did. Talking about the worst of it comforted her, she says. “It was a sense of community.”

Can you, should you, try to bring venting into the open? Jamie Baxter Ayling started a Slack channel dubbed #vent at the Berkeley, Calif., nonprofit she was helping to lead at the start of the pandemic. Some employees were hesitant at first, but sharing about a late vendor or their kid’s latest tantrum helped them work together more efficiently and communicate more openly, she says.

Even when workers would post messages complaining about a de-

cision made at a staff meeting or tension with another team, Ms. Baxter Ayling, a consultant who then served as chief operating officer and chief financial officer, found the platform helpful.

“The thing that’s being said is going to be said anyway,” she says. “I would rather know about it and be able to address it than have it going on between two employees in a corner who are mad at the rest of the team.”

Still, griping has far-reaching consequences, says Allison Gabriel, a management professor at the University of Arizona who researches emotions at work. In a recent paper, she and co-authors studied 112 managers over 10 workdays. Those exposed to employee venting felt more negative emotions—nervous, upset—and were more likely to treat other workers rudely that same day.

Bosses often absorb employees’ stress, Dr. Gabriel says, and peer ranting can distract co-workers, too. Will I be the next one sabotaged with a tough assignment from our boss, they might wonder. Even the venters can end up feeling worse, because “you’re just reliving this all over again,” she adds.

And then there are times when only a vent will do.



**Keep it off-screen if you can, since anything written will always be risky, advises one workplace psychologist.**

David Youngblood, now the CFO of an investment company in Knoxville, Tenn., still remembers the time a worker at a prior job called him to complain. As chief executive, he typically sprang into action upon hearing employee laments, gathering other team members to find a solution.

This worker began with a caveat.

“Please don’t *do* anything,” Mr. Youngblood recalls him imploring. The guy just wanted to vent.

“Sometimes that’s the solution,” Mr. Youngblood says he realized. Get the emotions out, “and you can move on with your life.”

## WORK & LIFE

RACHEL FEINTZEIG



Sometimes, you just have to let it all out. But should you really vent about your arduous commute, insufferable boss and disappointing cost-of-living adjustment—at work?

There is much to grouse about these days and, man, can it feel delicious. Sharing frustrations and spewing complaints can be cathartic, bonding and even productive. Who needs toxic positivity when you can unload your way forward?

Venting can be risky, though. Confide in the wrong person and your hurt feelings and trivial grievances become team gossip.

Unload too often and you’ll infect the whole office with your gripes, prompting your co-workers to vent about you. Suddenly, you’re in a spiral.

There’s a right way to blow off steam, says Liane Davey, a Toronto-based industrial-organizational psychologist. There’s no need to pretend everything is sunny all the time, but if you must air your annoyances, do so carefully and consciously, says Dr. Davey, who coaches executive teams through conflict.

Don’t vent to your boss, or to colleagues below you in the org. chart, she advises—that will just spark fighting between teams. Pick someone you trust, who isn’t already entangled in the situation that triggered you.

Focus the most revealing parts of your rant around yourself and how you’re feeling. Keep your

comments about co-workers and bosses objective. For example, instead of saying, “Bob was rude,” note that Bob interrupted you, and that made you feel like he doesn’t have confidence in your work. Expressing yourself that way ensures you come off as mature, Dr. Davey says, and not flinging blame.

Wrap up with an action or plan. Do you need to talk with the co-worker who lobbed the comment that set you off, or slip out for a walk to further dial down the pressure?

In addition to blessing us with extra fodder for complaints, the past few years have multiplied the ways in which we can broadcast them. Type an angry missive in Slack, shoot off an agitated voice text to your partner, grab your co-worker in the hallway the one day a week you’re in the office to-

## PERSONAL FINANCE

# Home Sellers Worry They Missed Wave

By VERONICA DAGHER

There are a lot of unhappy people in the housing market right now. Among the most miserable are sellers realizing they have listed their properties too late.

For much of the country, real estate had been on a tear since the start of the pandemic. Home prices are up about 44% over the past two years, according to Redfin.

But prices have cooled lately and many homeowners are coming to grips with the reality that they may not get the same prices their neighbors did. Roughly one in seven homes on the market had a price reduction in June, according to Realtor.com. That is nearly double the rate of one in 13 homes a year ago.

As more homeowners weigh cutting prices, they face several difficult decisions at once. They could need to cut prices once or even several times. Eventually, the seller may need to accept less than they feel their home is worth or choose to take it off the market and try again when conditions improve.

Jennie Jackson, 33 years old, listed her three-bedroom Las Vegas home for \$465,000 earlier this

summer. In March, her neighbor sold a comparable home for about \$485,000, she said.

Over the course of about 35 days, she cut the price three times. She recently accepted an offer for about \$405,000.

“I thought this may be the highest offer I’ll get so let me get out while the going is good,” said Ms. Jackson.

Overall, the housing market remains solid. While there have been price reductions, the amount is still far less than was typical from 2017 to 2019, when the rate was one home out of every four or five.

But amid higher mortgage rates there have been signs of a softening market. Homes that have been on the market for three months or longer are reducing prices by around 11% from the list price, according to the National Association of Realtors.

“The days of bidding wars and homes selling for tens of thousands of dollars over asking are over,” said Daryl Fairweather, chief economist at Redfin.

Despite the average rate on a 30-year fixed mortgage dropping back below 5% this past week, the increases this year priced many



potential buyers out of the market, slowing the pace of sales and causing more inventory to sit, said Lawrence Yun, chief economist at NAR.

Benjamin Dixon, a real-estate agent in New York City, said several sellers he is working with would have sold their apartments in a matter of days if they listed earlier in the year. Now, some owners are considering a price cut, others are considering delisting until the fall and yet others have decided to rent out their homes.

Renting out comes with its own challenges for sellers.

“Trying to sell a home with a tenant isn’t optimal for showings

and becoming a landlord isn’t much fun,” said Mr. Dixon.

Homeowners usually arrive at a list price with the help of their agents, by looking at comparable homes sold in their neighborhood within the prior six months. The price is likely to reflect a home’s age, size, features, improvements and condition, as well as location. But higher rates have made those comparisons somewhat less useful, said George Ratiu, manager of economic research for Realtor.com.

With rates pushing the monthly mortgage payment for a typical home 60% higher than a year ago, many buyers are unable to come up with the funds to purchase a

home, Mr. Ratiu said. As a result, the sales of previously owned homes fell for a fifth straight month, dropping 5.4% in June to an annualized rate of 5.12 million, according to NAR.

For those looking to sell their home, Ms. Fairweather said to talk to your agent about what comparable homes in your area sold for a month ago and price about 5% below that. Sellers are better off pricing conservatively out of the gate to get one good offer than to price too high and be forced to lower the list price further than they would like, she said.

Drop the price if you haven’t received any offers within the first two weeks, she said. You only want to drop the list price once if you can, so it is better to make one larger drop than several small ones, said Ms. Fairweather.

The average price reduction should be between an 8% to 10% decrease, said Vanessa Famulener, president of HomeLight Homes. Buyers want to be able to see a noticeable difference, and you want to attract people searching in a different price range, she said.

Buyer incentives that were unnecessary a few months ago are now becoming more commonplace, real-estate agents said.

Ross Ponder, a real-estate agent in Austin, Texas, said more sellers are now offering to pay a part of buyers’ closing costs and are proposing flexible move-in dates.

More sellers are throwing in items including furniture, sound systems and even drapes to stand out, said Amy Schinco, a real-estate agent in Omaha, Neb.

“The market has definitely changed,” she said.

## PERSONAL JOURNAL.

By CORDILIA JAMES

Looking for a chewy chocolate-chip cookie recipe you can make in 10 minutes? Or tips on what to do if you win the lottery? What about fun budget-friendly date ideas?

Millions of people now actively seek answers to those kinds of questions on TikTok, with 40% of 18- to 24-year-olds in the U.S. surveyed by Google saying they use TikTok to find information.

That doesn't mean everyone is being steered to the best and most accurate answers. After all, anyone can share on the platform, regardless of experience. And TikTok doesn't always weigh search results for reliability.

Gabby Brauner, 27, said she was shocked to see how inflation had driven up the price of her beloved six pack of avocados in May. Fearing that the expensive fruit would get too ripe before she could enjoy them, she said she was relieved to find a video in her TikTok feed showing how to refrigerate the fruit in water to prevent it from turning brown.

After videos of this hack gained popularity, a spokeswoman for the Food and Drug Administration came out and said it was a bad idea. Pathogens on the avocado's surface, such as salmonella and listeria, could flourish in water, even in a cold fridge, the spokeswoman said.

Inaccurate information can be found all over the internet. TikTok can exacerbate the problem because its algorithm sends you clip after clip based on the interests you reveal by tapping and watching. But it knows about a video's accuracy only if it has been flagged or otherwise reviewed.

Since the app's design feels like a series of face-to-face video chats, we have a natural tendency to trust the speaker, said Abbie Richards, a misinformation researcher who specializes in TikTok.



PERSONAL TECHNOLOGY

## Tips on TikTok Are Best Met With Wary Eye

The percentage of TikTok users who relied on the app for news rose to 29% in 2021, up from 22% in 2020, according to Pew Research Center. As with the other big social

# 40%

of 18- to 24-year-olds surveyed in U.S. use TikTok to find information

networks, misinformation has been a problem on TikTok, say media-literacy experts, as videos containing inaccuracies about Covid-19 vaccines, the war in Ukraine and other topics spread.

Users can report videos to TikTok administrators by pressing and holding on the video and tapping Report. From there, a user can flag the video for misinformation, or any other Community

Guideline violation.

TikTok says it assesses flagged content or videos with sensitive keywords using publicly available information as well as information it receives from its fact-checking partners. TikTok says it keeps content it has deemed unsubstantiated out of the For You feeds—the most popular landing spot on the app—though it still might appear via search. If flagged content proves to be harmful, TikTok says it removes the video altogether.

For anyone using TikTok as a visual search engine, here are some key practices to keep in mind.

### Remember, it started with funny clips

TikTok is, first and foremost, a site for entertainment.

TikTok's algorithm notes your completion of a video, bringing more recommendations based on that. What you search—a username, a sound, a hashtag or a video—is another signal to the app

that you're interested in something, so more recommendations along those lines will appear automatically in your feed.

It doesn't behave like Google, which says it ranks search results based on sites most relevant to a query and the likelihood of that information being reliable.

"When you search a key term or question on TikTok, the majority of the results you're going to get are not from organizations or institutions or professionals in their respective fields," said Kaylee Fagan, a research fellow at Harvard's Shorenstein Center on Media, Politics and Public Policy.

Typing "flash flooding" into TikTok's search field presents a variety of videos: original footage, reposts and clips from the news or YouTube. Google, on the other hand, leads with definitions and primary sources such as Weather.gov.

TikTok doesn't allow creators to link to webpages in video captions. Unless creators put links to more

information in their bios, the information in the video clip itself is all you get. Videos in the feed also don't show the dates they were added. This can be an issue if information has changed. You can check video dates, however, if you go to the creator's page.

### Cross-check the info—and its source

A key component of TikTok is the more intimate-feeling relationship between the creators and the viewers. Over time, you build up a level of trust with particular creators. While it helps if you follow their content long enough to get a sense of what they know, you should always keep some skepticism.

"You should be willing to accept that they can be wrong," Ms. Richards said. "You want to look for people who have owned up and taken accountability for when they've been wrong in the past."

Go off platform to learn more about who these people are, the level of their expertise and why their voices are valuable to the conversation. You could look for their education or employment credentials on LinkedIn, for instance, or check the websites of companies or organizations with whom they say they are affiliated.

What might seem like an innocent search can actually have risks, especially when one's health is involved, said Scott Talan, a communications professor at American University. He said it's always good to do that additional research once you've used TikTok to generate some good leads.

"There are various levels of seriousness," Mr. Talan said. Categories where accuracy really matters—and where TikTok users should be careful about taking action—include healthcare and personal finance, he said.

If someone says they use only TikTok to find information, he added, "I'd be a little concerned about what they're getting."

ELENA SCOTTI/THE WALL STREET JOURNAL; PINELSQUID; SHUTTERSTOCK



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## Reduce Travel Stress And Kill Time With An Airport Workout

By JEN MURPHY

The airport sprint has become a common sight during a summer of chaotic air travel. But Caroline Wales wasn't running at the airport to catch a flight.

During a delayed layover in Dallas Fort Worth airport, the 19-year-old college student from La Quinta, Calif., strapped on her backpack and logged four miles up and down the terminals.

"I don't like sitting around and what better way to burn off energy so you can sleep on the plane," says Miss Wales.

Travel is inherently stressful, but the long lines and flight cancellations this year have led more people to discover that the airport is a great place to work out. Those passengers running, lunging and exercising in terminals say the activity breaks up the wait time and lowers their stress levels. Gyms are also opening inside airports to accommodate demand.

Exercise can be one of the best ways to ease travel anxiety and the airport provides a lot of options for physical activity, says Christopher Berger, a professor of exercise physiology at Occidental College in Los Angeles. "Rather than rush, it's a good idea to get to the airport early and use the time to get in your steps," he says. Airports are climate controlled, have water fountains, and many now have dedicated walking paths or at least tell you the distances between terminals.

Sandy Hulme, 61, prefers to run rather than walk, which he says can prove tricky at airports with heightened security. Mr.

Hulme, a professor of political science at Alma College in Michigan, says he was stopped by an armed police officer in an airport in Switzerland in the past.

"I try to run slowly so I don't make people nervous," he says.

He says he has run in the airports of Paris, Tokyo, and Amsterdam. Recently in India, he ran in the New Delhi air-

ports, and more. Plus, travelers can use showers and borrow workout clothing.

Ms. Kinkel enlisted her sister to babysit so she could run for 75 minutes on the treadmill and shower before their flight. "I'd drive the extra 15 minutes to fly out of BWI instead of Dulles to be able to get in a purposeful gym workout rather than wander the terminal," she says.

Ty Manegold, co-founder and President of Roam Fitness, says their facility is seeing an uptick in use this summer, which he partially attributes to people getting to the airport earlier. The company is in talks to build gyms at several U.S. airports



Virginia Kinkel used Roam Fitness at the BWI Airport. Noah Ryan flexed at Orlando airport.

port before going through customs.

Virginia Kinkel, a 35-year-old competitive bodybuilder from Washington, D.C., says recent flight delays have been a great opportunity for her to sneak in cardio sessions. She normally puts her seven-month-old in a stroller and will do laps around the terminals. During a recent delay out of Baltimore/Washington International Airport, she discovered Roam Fitness near her gate.

The gym, which opened in 2017, charges \$25 for a day pass to use its equipment, including SkillMill non-motorized treadmills, a Concept II rower, dumbbells, medicine

balls, and more. Plus, travelers can use showers and borrow workout clothing.

and has signed a lease with Philadelphia International Airport to open a location in Terminal F next year.

Noah Ryan, a 24-year-old marketing agency manager, says that when a recent flight to Mexico City was delayed, he remained at the gate and started doing lunges, squats and splits. He does mobility exercises to loosen up and feel less stiff before a long flight. Mr. Ryan says he's not self-conscious about doing his routine barefoot at the gate.

"These people will never see you again," he says. "And what's weirder, drinking a beer at 7 a.m. or doing splits in the terminal?"

FROM TOP: VIRGINIA KINKEL; NOAH BINSTOCK

## ARTS IN REVIEW



## ART REVIEW

## Diego Rivera's Wall-to-Wall Coverage

This exhibit at SFMoMA shows over 150 of the Mexican muralist's paintings, drawings and frescos

By JUDITH H. DOBRZYNSKI

**N**ever shy—in art or life—Diego Rivera, Mexico's foremost muralist and arguably its best 20th-century artist, pro-pounded a sweeping conception of "America," one that bonded Mexico with the U.S. and set them apart from Europe in culture, revolutionary spirit, societal aspirations, and innovation. In great detail, Rivera (1886-1957) proclaimed this conviction in "The Marriage of the Artistic Expression of the North and of the South on This Continent"—the 74-foot-long, 22-foot-tall fresco that he painted, live before an audience, for San Francisco's 1940 Golden Gate International Exposition. Also known as "Pan American Unity," the mural depicts the past, present and future of his America through characters including Quetzalcoatl, Simón Bolívar, Samuel Morse and actress Paulette Goddard.

"Pan American Unity" is on view in a street-level gallery of the San Francisco Museum of Modern Art, an epilogue to its "Diego Rivera's America" exhibition upstairs. Curated by James Oles, an art historian at Wellesley College, and billed as the most extensive examination of Rivera's work in more than two decades, the show presents about 150 paintings, drawings and frescoes, plus large-scale projections of three Mexican murals and documentary materials. Everything dates from 1921 to the mid-1940s, the period when Rivera's creativity soared, his mature style crystallized, and his international reputation boomed.

The exhibition launches with a projection of "Creation" (1922-23), Rivera's first commission from Mexico's post-revolution government, which believed that art could help shape a new, inclusive national identity. It portrays Adam and Eve, the muses, and the classical virtues gathered under a heavenly symbol. But it flopped, deemed too metaphorical. Equally troubling (to Rivera, at least), it drew on Byzantine, Renaissance and other aesthetic traditions Rivera had learned while living in Europe (most of 1907-21), not the indigenous culture he aimed to elevate.

Lesson learned, Rivera devised the style that made him famous. Using simplified figures, with rounded shapes sometimes reduced almost to outlines, and often choosing earthy colors, he depicted the daily life, work, celebrations and rituals of indigenous and mestizo people. He endowed many figures, such as those in his sensitive "Mother and Child" (1926) and his moving "La Molendera (The Grinder)" (1926), with monumentality. In more complicated works—like "The Market" (1923-24), a fresco in Mexico City teeming with sellers, buyers and onlookers (seen



Installation view of 'Diego Rivera's America' at SFMoMA, above; Rivera's 'The Marriage of the Artistic Expression of the North and of the South on This Continent' (1940), also known as his 'Pan American Unity' mural, top; Rivera's 'The Flower Carrier' (1955), below

here as a projection)—he called on his Cubist period in Paris, uniting slightly different vantages into a single image.

The exhibition unwinds thematically, examining, in turn, his focus on rural life, on children, on workers, on studio portraiture and more. All along, it's easy to see why his images—including his romanticized depictions of the poor—seduced the public. When

### The most extensive examination of Rivera's work in more than two decades.

SFMOMA was founded in 1935, his masterpiece "The Flower Carrier" (1935) became one of the first paintings to enter its permanent collection; it hangs here in a place of honor, one of about 40 Rivera works from the collection (mostly works on paper) in the show.

But to Mr. Oles's credit—and the exhibition's glory—many examples come from private or hard-to-see collections, works rarely (if ever) displayed publicly. "The Rivals" (1931), a colorful, nearly abstracted picture of men and women enjoy-

ing a traditional Mexican festival, was commissioned by Abby Aldrich Rockefeller and stayed in the family until 2018, when it was purchased by Paul Allen, who died later that year; it is now in the family collection. The remarkable "La Bordadora (The Embroiderer)" (1928), which shows an indigenous woman sewing flowers into a bright red panel, had been locked away with a New Orleans family for more than 90 years until March, when it was acquired by the Museum of Fine Arts, Houston. Except for its showing at auction, this is its first public appearance.

"Still Life and Blossoming Almond Trees" (1931), a small fresco linking labor to the land and celebrating its fruits, normally hangs in a dorm at the University of California, Berkeley. "La Tortillera (The Tortilla Maker)" (1926), a strikingly simple but gorgeous painting valorizing the monotonous work of a woman, usually hangs in the dean's office of a medical school.

And two other loans, "Girl in Blue and White" (1939), a sympathetic portrayal of a barefoot youngster wearing beautiful, traditional clothing, and "Opponent of Nazism" (1933), a small, bold fresco of an American worker with a Communist flag, give viewers a peak at the trove of the Lucas Mu-



seum of Narrative Art, currently under construction in Los Angeles.

Several other highlights merit mention. "The Flowered Canoe" (1931), led by a boatman whose face resembles Aztec sculptures, is filled with urban workers, well-dressed tourists, and an indigenous couple—capturing Rivera's ideal of a unified population. "La Ofrenda (The Offering)" (1931) commemorates the Day of the Dead practice in which children place food before an altar devoted to their ancestors. Rivera sets two girls amid abundant, verdant foliage whose leaves encircle them, framing their respectful act.

Rivera's studio portraits show another aspect of his talents, especially his beautiful "Portrait of Philias Lalanne" (1936), shown lost in thought, and the intriguing, cross-armed "Portrait of Gladys March" (1946), a dark-eyed journalist who spent many months

with him over a dozen years, taking notes and later publishing his "autobiography."

Sized to match Rivera's towering ambition, "Diego Rivera's America" convincingly shows the united America he wanted but one that never fully materialized the way he imagined.

**Diego Rivera's America**  
San Francisco Museum of Modern Art, through Jan. 2, 2023

*Ms. Dobrzynski writes about art for the Journal and other publications.*



Diego Rivera's 'Still Life and Blossoming Almond Trees' (1931), above, and 'La Ofrenda (The Offering)' (1931), right.

SPORTS

Russian Skaters Are on Thin Ice

Facing an indefinite ban, speculation is mounting that the U.S.-born daughter of a polarizing coach could seek to join Team USA

By LOUISE RADNOFSKY

Leesburg, Va.

Four months after she became the most notorious woman in figure skating, the Russian coach at the center of a doping storm at the Beijing Olympics was sitting in an American rink cafeteria like any other skating mom.

Eteri Tutberidze watched intently as her daughter, an ice dancer, and her daughter's partner worked with their new choreographer. She was juggling her own responsibilities, looking at her phone for a conversation over FaceTime, moving her shoulders and arms to make a point.

Passersby were oblivious to Tutberidze and her shock of platinum curls. But in the wake of her turn in a harsh spotlight at the Beijing, Tutberidze has brought one of the wildest intrigues in sports today to the Ion International Training Center, a new rink complex 40 miles from Washington, D.C.

The skating world is watching for clues that Diana Davis, Tutberidze's ice dancer daughter, might effectively defect as a competitor to the U.S., where Davis is already a citizen. Questions have been fueled by Davis' recent marriage to her ice dance partner, a move that could facilitate his acquisition of American citizenship. The Russians say that Davis and her partner have no intention of leaving their team.

However, the fact remains that Davis, like all Russian skaters, is currently working on new programs and training intensely for a road to nowhere. There is no sign that any Russian skaters will be back in the fold for an international skating season that begins in the fall. The question will become more urgent as the 2026 Olympics approach.

Tutberidze also faces an uncertain future for herself in a sport in which she has churned out Olympic gold medalists, then seen the tide change quickly for her athletes—and her trips from Russia to the U.S. have continued to fuel the gossiping game.

Cutting official ties with a federation that is one of the most powerful forces in the sport would require a significant commitment, and potentially require Davis to still sit out of competition for some time.

Russian skaters face an indefinite lockout from international competition over their country's invasion of Ukraine. They're under a microscope after Tutberidze's top student, the then-15 year-old Kamila Valieva, was cleared to skate at the Olympics after testing positive for a banned heart drug and then stumbled off the podium in unforgettable fashion during an excruciating night for the sport.

The Russian Olympic Committee's gold medal in the team event remains in limbo during an inquiry into the Valieva affair, which is be-



Eteri Tutberidze, right, and her daughter Diana Davis, second from right, during a Team Tutberidze 'Champions on Ice' show in Moscow in April 2021.

ing handled by the Russian antidoping agency under World Anti-Doping Agency rules, and will include a look at Valieva's entourage because of her age. The Russian proceedings are expected to continue through August.

While Tutberidze has long been celebrated in Russia, international skating has turned against her teenagers with outrageous jumping feats. In June, the International Skating Union voted to raise the minimum age for senior-level competition to 17, upending the development pipeline in clubs like Tutberidze's.

The U.S. Olympic & Paralympic Committee has cheered the exclusion of Russians from sports over years of doping scandals as well as Ukraine. American skaters finished second to the Russian Olympic Committee in the Beijing team competition, and then had to leave without a medal ceremony.

Davis's career is separate from her mother, and she has trained in the U.S. for three years already. Yet a backlash is a virtual certainty if Davis and her ice dance partner were to be welcomed into U.S. Figure Skating. U.S. Figure Skating declined to comment.

The situation is a stunning reversal of fortunes for Russian athletes who brought back one gold, three silvers and one bronze medal in figure skating from Beijing in February. Tutberidze had a claim on three of those five individual medals as well as the team result. By the time figure skating held its

Russian skaters face an indefinite lockout following their country's invasion of Ukraine.

world championships four weeks later, Vladimir Putin had invaded Ukraine and Russians were banned from a competition where they were defending titleholders in three out of four events.

Now, all of that drama is encapsulated by one mother and daughter. Davis and her partner, Gleb Smolkin, finished 14th skating for the Russian Olympic Committee at the 2022 Games, a promising start for a young couple that was immediately cut short by the Russian

ban. Davis's U.S. birth gives her another option. She and Smolkin could seek to be released from the Russian skating federation, and opt to represent the U.S. in competition. To return to the Olympics in a Team USA jacket, Smolkin would also need his own American passport, a process that has become lengthy for some athletes.

Davis and Smolkin married March 18, 2½ weeks after sports bodies started banning Russia from international competition, at the office of civil marriages in Las Vegas. She is 19; he is 22.

The affidavit submitted for the marriage license, obtained by The Wall Street Journal along with a copy of the marriage certificate, lists Nevada as Davis's place of birth and her father as American-born. The marriage could accelerate Smolkin's possible naturalization, though not guarantee it would be complete by 2026.

The marriage remained secret until June, when the license was posted online by skating YouTube commentator Dave Lease. By then, rumors were already swirling, after months in which Davis and Smolkin popped up at other rinks around

the U.S. for training—sometimes accompanied by Tutberidze.

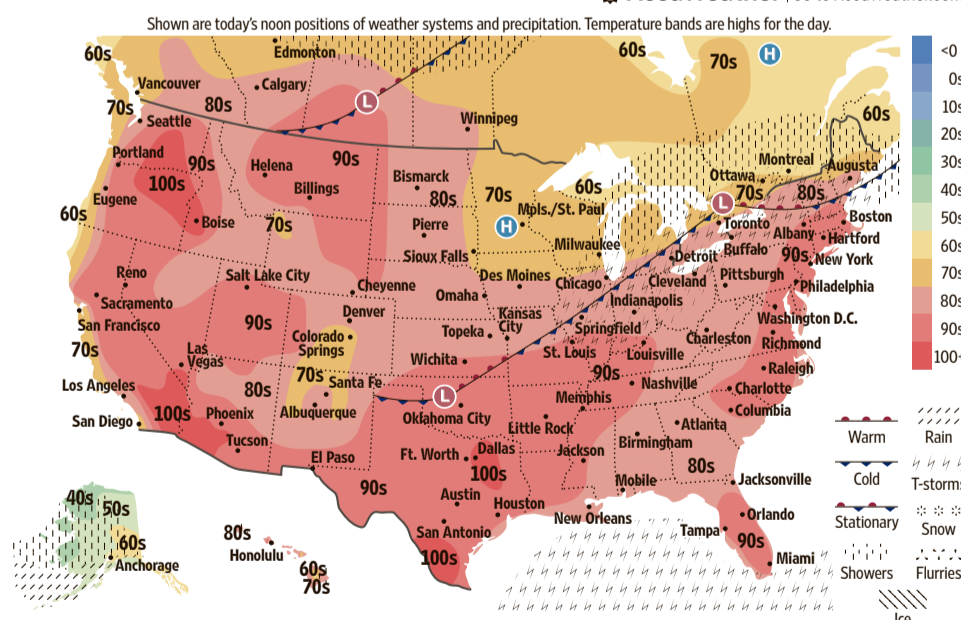
The posting of the marriage license and other speculation prompted Davis to write on Instagram, in Russian, that the skaters were still members of the Russian national team and would appear at a domestic event in which Russian elite skaters debut their programs. She said she intended to try to keep the couple's personal life private and did not comment further on the marriage.

Tutberidze returned to Russia in late June, and was shown on Russian television in July watching her skaters at a training camp in Novogorsk. She wrote in June that the suggestion she wanted to work in the U.S. was "fake", and subsequently posting a picture of her with Davis saying only: "Words are not needed #family."

A spokeswoman for the Figure Skating Federation of Russia said that the federation "confirms that the ice dance couple Diana Davis/Gleb Smolkin has no intention of leaving the Russian National team and to start competing for another country. At the same time coach Eteri Tutberidze continues to work in Russia."

Weather

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U.S. Forecasts

s., sunny; pc., partly cloudy; c., cloudy; sh., showers; t., storms; r., rain; sf., snow flurries; sn., snow; l., ice

Table with 4 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists major US cities and their weather forecasts.

International

Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists international cities and their weather forecasts.

Table with 4 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists international cities and their weather forecasts.

The WSJ Daily Crossword | Edited by Mike Shenk

A crossword puzzle grid with numbers and some filled-in letters.

STRIKE A POSE | By Stella Zawistowski & Joanne Sullivan

- Across: 1 Tippy top, 5 Feel the absence of, 9 Apple Pencil users' devices, 14 Fluffy carpet, or fluffy hairstyle, 15 "I've got this, boss!", 16 Himalayan nation, 17 Yoga pose practiced by royals?, 19 Not far ahead, on a scoreboard, 20 Verbal authorization, 21 Justified, or how true may be justified, 23 TV screen option, 24 Bake sale buy, 26 Embroiderer's tools, 28 Yoga pose practiced on Saturdays and Sundays?, 33 In peril, 34 Fund, as a scholarship, 35 Do some check-out work, 36 See 2-Down, 37 Off base?, 44 Swank with two Oscars, 46 Yoga pose practiced in New York's most populous borough?, 49 Subject of conscription, 50 Singular or plural pronoun, 51 What an air ball doesn't touch, 52 Customary, 54 Having full foliage, 59 Beautify, 61 Yoga pose practiced on FaceTime?, 63 Went from full to gibbous, 64 Luxury hotel chain, 65 Prison unit, 66 Andean pack animal, 67 Wasp's home, 68 One of the rooms on a Clue board.

- Down: 1 Inquires, 2 With 36-Across, figure that sprouts, 3 Lots and lots, 4 Dozen in a carton, 5 Cow's call, 6 Implanted by heredity, 7 Assistant on 9-Across, 8 Unmoving, 9 Unborn, 10 Verve, 11 Theater where Ella Fitzgerald got her start, 12 Second reindeer mentioned in "A Visit From St. Nicholas", 13 Lugers ride them, 18 Gets by, 22 Bunch of bison, 25 Tattoos, slangily, 27 Hindu festival of lights, 28 Used to be, 29 Catchall abbr., 30 Significant time, 31 Not exactly, 32 In need of hoeing, 36 Swamp, as a workload, 38 Money clip contents, 39 Noncommercial URL letters, 40 Strong alkaline solution, 42 Capitol Building feature, 43 Luau instruments, 44 "Westworld" network, 45 "Yay, mel", 46 Type of shower or salon, 47 Young heroine of Beverly Cleary's novels, 48 Stockings, quaintly, 49 Southerner's speech feature, often, 53 Wistful sigh, 55 Carve with acid, 56 Locale, 57 Plummeted, 58 Talk over the din, 60 "Stand" band, 62 Minor criticism.

Previous Puzzle's Solution: A crossword puzzle grid with the solution to a previous puzzle.

Solve this puzzle online and discuss it at WSJ.com/Puzzles.



## OPINION

## REVIEW &amp; OUTLOOK

## Trump's Nominees and the Senate

Donald Trump now has the Senate nominees he wanted to win Republican primaries. We'll soon learn if they can win in November, or if candidates with little experience and a focus on Mr. Trump's 2020 grievances will cost the party majority control for another two years.

The GOP dodged one potential Senate debacle last week when Eric Schmitt, the state attorney general, defeated former Gov. Eric Greitens in Missouri. Mr. Greitens carried more baggage than the Queen Mary, but the GOP had to spend some \$10 million in advertising to keep him down in the polls lest Mr. Trump endorse him. In the end Mr. Trump played for laughs by endorsing "ERIC" the day before the election.

In Arizona, current Gov. Doug Ducey would have been the strongest GOP Senate candidate. But Mr. Trump vowed to defeat Mr. Ducey if he ran after the Governor refused to help overturn the former President's 2020 defeat in the state. Govs. Larry Hogan in Maryland and Chris Sununu in New Hampshire would also have had to navigate Mr. Trump's vendetta politics, and they also chose not to run despite entreaties from current GOP Senate leaders.

The Republican Senate winner in Arizona was venture capitalist Blake Masters, a novice candidate who won Mr. Trump's endorsement after he backed the former President's stolen election claims. This backward-looking focus won't help with swing voters in November, and Mr. Masters is now the underdog to Democratic Sen. Mark Kelly.

This follows the pattern of other Trump-blessed Senate nominees who are struggling since their primary victories. Mehmet Oz is trailing badly in Pennsylvania after a brutal primary campaign, even though Democrat John Fetterman is still recuperating from a stroke. Republican voters haven't united behind Mr. Oz's candidacy, and defeat would cost the seat now held by retiring Sen. Pat Toomey.

In Georgia Mr. Trump helped to clear the GOP field for Herschel Walker, the football great. But Mr. Walker has never been vetted during a political campaign. He's trailing incumbent Raphael Warnock in the polls in a state that should be ripe for a GOP sweep this year. And that's before Democrats unload a

mountain of negative advertising on Mr. Walker.

Mr. Trump won Ohio by eight points in 2020, and the state is trending Republican. But the nominee he helped to win the GOP Senate primary, former venture capitalist J.D. Vance, is also struggling. Instead of taking on Democratic Rep. Tim Ryan after he won his primary, Mr. Vance attacked Karl Rove. Maybe unite the party instead?

Mr. Vance has been having a hard time raising money from Republicans who dislike his attacks on free-market policies. Meanwhile, Mr. Ryan is running a shrewd campaign targeting Mr. Trump's voters on economic issues and avoiding woke cultural themes. Mr. Vance may have to be rescued by the establishment GOP donors he has disdained.

The tide of public opinion could still sweep one or all of these GOP candidates to victory. This is probably the best national mood for Republicans since 2010, given inflation, falling real wages, U.S. adversaries on the march, chaos at the border, and President Biden's deep unpopularity. Democratic incumbents and Mr. Ryan in Ohio have all voted with Mr. Biden's preferences more than 90% of the time.

But candidate quality also matters, and this year's GOP nominees are revealing the downside of Mr. Trump's meddling in primaries. The former President's priority is always personal—whether candidates show enough fealty to him and to his claim of a stolen 2020 election. That self-preoccupation cost the two special Georgia elections in January 2021 as Mr. Trump's war on his own party leaders reduced GOP turnout.

The stakes in this year's Senate races are large. The Senate is now evenly split, 50-50, and the GOP needs 51 seats to take the majority and have leverage over Mr. Biden's nominees for the judiciary and government. Supreme Court Justices Samuel Alito and Clarence Thomas are in their 70s. What if Joe Biden can nominate a replacement in 2024?

There's no denying Mr. Trump's influence with millions of GOP voters. But his chaotic and self-serving brand of politics cost Republicans the House in 2018, the White House in 2020 and the Senate in 2021. It could cost them the Senate again in November.

## The Houdinis of Carried Interest

The legendary investor Cliff Asness quipped on Twitter last week that when he dies he wants to "come back as a private equity lobbyist." He was marveling at the PE industry's ability to defeat the attempt by Democrats to limit the tax advantages of carried interest.

The latest Houdini act came last week when Sen. Kyrsten Sinema succeeded in bouncing the carried-interest provision from the Schumer-Manchin tax and drug price-control bill. Sen. Joe Manchin had insisted the provision was central to his support for the bill, though it would raise only \$14 billion over 10 years.

But Majority Leader Chuck Schumer dropped it without a fight, and our guess is that he had included the provision knowing it was going to be the designated sacrifice. He had to give something to Sen. Sinema, and caving on carried interest means Democrats can continue to soak the industry for campaign cash. On his fundraising rounds in the Hamptons this month, Mr. Schumer can boast to the New York and Connecticut financiers what he did for them. They aren't like the folks in the coal industry who get strip-mined by this bill.

As an economic matter, we agree with the

industry that treating carried interest like a capital gain is warranted. It is essentially risk capital, and public pension funds will benefit since they are investing more in PE funds to get higher returns.

But that doesn't let Democrats off the hook for their astounding hypocrisy. When out of power, they rail

against Republicans for not closing what they call the carried interest "loophole." But when in power they never get around to changing it. This time they couldn't even extend the date to qualify for the capital-gains rate to five years from three. Republicans in their 2017 tax bill extended the carrying period to three years from one.

This is the old Washington political game of threatening an industry with policy harm, extorting it for campaign cash, then failing to impose the harm. The threat lingers into the next campaign season, the industry keeps paying protection money and the cycle repeats. Mr. Schumer is probably thanking Ms. Sinema for her role in this political charade.

It's too much to think Democrats would spare us from this biannual farce, but we hope readers understand the nature of the con.

## Democrats Vote to Raise Drug Prices

Democrats who passed the Schumer-Manchin bill on Sunday voted to raise drug costs and health premiums for 220 million privately insured Americans. That isn't hyperbole. It's the inevitable economic result of Medicare drug price controls after the Senate parliamentarian this weekend struck the bill's inflation rebates.

Democrats know their Medicare take-it-or-leave-it drug "negotiations"—i.e., price controls—could have spill-over effects on the commercial market. This was one argument they made to the Senate parliamentarian for keeping the bill's requirement that drug makers pay Medicare rebates if they raise prices in the commercial market higher than inflation.

If drug makers must give Medicare steep discounts on certain drugs, they will compensate by increasing prices in the commercial market. As Connecticut Sen. Chris Murphy told Politico, "You can't untangle the private sector from the public sector—one doesn't work without the other."

This is what has happened in healthcare more broadly. Medicare has long paid hospitals and physicians below the cost of treating patients. To compensate, hospitals and physicians charge private insurance plans more. Private insurers on average pay about twice as much as Medicare for hospital services and 43% more to physicians.

The bill's inflation rebates would have effectively fixed drug prices for privately insured Americans and were more punitive for drug

makers than the Medicare controls because they applied to nearly all brand prescription and provider-administered drugs and four times as many patients. The Medicare controls will cover 60 drugs by the end of the decade.

The Congressional Budget Office estimates the rebates would raise \$62 billion over the decade. That's not chump change. Yet the Senate parliamentarian ruled that the rebates violated budget reconciliation rules, which prohibit measures whose policy impact dwarfs their budgetary impact.

It's worth noting that overall prescription drug prices have increased a mere 2.5% over the past year and have been flat over the past four years thanks to generic competition. A major reason some drug list prices can spike from year to year are rebates extracted by pharmaceutical benefit managers as well as those that Congress has mandated be paid to Medicaid.

The Schumer-Manchin bill does nothing to reform these other rebates. This will mean higher premiums and drug costs for privately insured Americans. How is this supposed to reduce inflation? Another result will be higher employer health costs and thus lower worker take-home pay. Nice going, Democrats.

Senate Majority Leader Chuck Schumer played down the parliamentarian's ruling, and perhaps he thinks the party may even benefit politically. Now if drug makers raise prices to offset the hit they take from Medicare price controls, Democrats will have a new pretext to mount another raid on the industry.

## It should be a great GOP year, but the candidates he backed are struggling.

## LETTERS TO THE EDITOR

## How the Pro-Life Movement Lost in Kansas

Regarding your editorial "The Kansas Abortion Message" (Aug. 4): Commercial and mailers assured Kansans that the proposed amendment would bring "common sense" provisions rather than restrict all abortions. But the amendment's actual language was tortured and ambiguous. It could have been interpreted to require only that lawmakers give thought to cases of rape, incest and maternal health risks.

Most voters support reasonable restrictions on abortion, but only a tiny minority support complete restric-

tions. Undoubtedly, many Kansas voters saw the language as a possible path to a total abortion ban.

A takeaway for other states is that if the verbiage in proposed statutes and amendments reasonably can be interpreted to open the possibility of complete bans, they likely will be doomed, even with conservative voters. The risk is even greater if the approach of the law's supporters seems to be: Believe me, not your lying eyes.

DAVID STEEN  
Overland Park, Kan.

## Criminals Know Prosecutors Have Their Back

Regarding George Soros's "Why I Support Reform Prosecutors" (op-ed, Aug. 1): As a police officer in a county with a Soros-backed district attorney, I can say with confidence that his prosecutors create more crime.

My partners and I frequently arrest the same people for the same crimes over and over. The lack of charges results in wasted police work and more crime victims. And the criminals know it. I can't tell you how many times someone I am arresting for robbery or

gun possession tells me, "You're wasting your time, [DA George] Gascón is just gonna let me go."

One suspect was on probation for robbery, had a pending case for robbery, and then I arrested him for robbery, only for him to get probation again. Prison the first time would have prevented two more crimes.

KRISTOFFER ESZLINGER  
Los Angeles

Mr. Eszlinger is an officer in the El Segundo, Calif., Police Department.

## Taiwan Deserves More Than U.S. Photo-Ops

Your erudite editorial "Nancy Pelosi's Taiwan Straits" (Aug. 2) cites three times the "reunification" of Taiwan and China. In truth, Taiwan never was part of the People's Republic of China formed by Mao, nor was it part of the predecessor Republic of China.

In 1895 the Qing dynasty, which antedated the Republic of China, ceded Taiwan to Japan, which used Taiwan as a base in World War II. China has spent 70 years trying to invent a claim to Taiwan only because the deposed Chinese leader Chiang Kai-shek fled there in 1949, taking his troops and two million followers with him.

President Richard Nixon erred in 1972 by bowing to a "one China" policy. President Jimmy Carter compounded the error in 1979 by severing diplomatic relations with Taiwan.

President Biden is the seventh president since then to fail to make it right.

Everyone has feared how China would respond. Today, Taiwan is pro-U.S. and pro-democracy, and home to the most important chip makers in the world. Yet for 43 years we have treated Taiwan like the other woman, on the down low. It is time for the U.S. to stop fearing the bully and do the right thing: Recognize Taiwan and pledge to defend it.

DENNIS KNEALE  
Brooklyn, N.Y.

I'm glad that Speaker Pelosi's visit to Taiwan went smoothly, thanks to the projection of power by the U.S. Navy. While her visit made for good photo-ops and probably boosted Taiwan's morale, Beijing is undoubtedly furious. It can't do much harm to Mrs. Pelosi, but it will make Taiwan pay. Taiwan will continue to endure People's Liberation Army harassment

and suffer economic penalties. A humiliated President Xi Jinping probably will speed up his timetable to attack Taiwan before another high-level foreign leader repeats what Mrs. Pelosi did.

It is deeply concerning that the Biden administration hasn't come up with an effective strategy to deter Mr. Xi from invading Taiwan. Three times, right after Mr. Biden said that the U.S. military would defend Taiwan if China invaded, White House staff walked back the president's remarks. Such policy contradictions at the highest level and the Biden administration's disastrous withdrawal from Afghanistan last year don't instill confidence in Taiwan. Taiwan is living on borrowed time, and its 23 million residents need concrete commitment from the U.S., not photo-ops.

HELEN RALEIGH  
Frisco, Colo.

Ms. Raleigh is author of "Backlash: How China's Aggression Has Backfired."

The notion that China would consider starting a war against us because Mrs. Pelosi visited Taiwan was always a case of media hype.

Mrs. Pelosi is on the way out and has no great following. She isn't a foreign-policy wonk, so banter never extended to the "strategic" nature of her visit. Indeed, there never seemed to be a real reason for her trip.

China's goal is to become the world's pre-eminent economic and military power, and its intent has been to do that without firing a shot. The irony is that we are doing China's work by dismantling our energy industry and ruining our schools.

RICHARD KLITZBERG  
Princeton, N.J.

## False Hope on Future of American Religion?

Religion is normally thought to involve belief and practice. Regarding the latter, Byron Johnson and Jeff Levin suggest reason for optimism in the U.S. ("Religion Is Dying? Don't Believe It," Houses of Worship, July 29).

Relevant data in a key study they cite, the General Social Survey, present a more complex picture. It has found that across the past half-century, the proportion of people that never attend religious services increased from 10% to 30%. In a question about the strength of religious affiliation, those who report having "no religion" increased from 8% to 23% during that time.

Those who say they don't believe in God increased from about 2% in the late 1980s to 8% now. Those who claim strong and certain belief declined from 63% to 50% during the same period. Pew's Religious Landscape Survey shows a similar increase in disbelief for 2007-2014 and decline among those reporting certain belief.

As always, the devil is in the details of survey question wording. Therefore, one might say that the larger contours revealed by the data, and by 300 years of Western history, do not inspire faith in the hope for which Profs.

Johnson and Levin charitably contend.

DAVID SPADAFORA  
Pinehurst, N.C.

## Not Married to Washington

"Congress Should Codify Same-Sex Marriage" (op-ed, July 26), write Theodore Olson and Kenneth Mehlman. My suggestion to Congress is different: Get out of the way. Laws regarding marriage, as with abortion, should be matters for the states. Thank you, Washington, for your uniform "solutions" for both issues, but the nation can work this out through its state legislatures in ways that better suit the citizens of each state.

JIM HILL  
Louisville, Ky.

## Pepper ... And Salt

THE WALL STREET JOURNAL



"Look, you're eating and drinking already. Now all you need to do is be merry."

Letters intended for publication should be emailed to wsj.letters@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

## OPINION

## Fewer Cures, Costlier Energy

By Stephen Moore  
And Tomas J. Philipson

The so-called Inflation Reduction Act will be one of the greatest misallocations of federal resources in American history. The bill has many moving parts, but here's a simple way to sum up its macroeconomic impact: It would transfer about a quarter of a trillion dollars from America's pharmaceutical industry, which saves and extends lives, to the climate-change industrial complex, which makes energy more expensive.

The former industry has produced the majority of the world's 40 most recent wonder drugs. Covid-19 vaccines and treatments alone probably saved hundreds of thousands of lives and restored trillions in economic activity. The industry has provided life-saving and pain-reducing treatments, contributing to reductions in death rates from cancer and heart disease by half over the

### The so-called Inflation Reduction Act has at its heart the most foolish trade-off imaginable.

past 50 years. The pharmaceutical industry spends roughly \$100 billion a year in research and development—on the race for the next generation of cures and treatments for Lou Gehrig's disease, cancer, Alzheimer's, Parkinson's, epilepsy and other diseases.

The price controls in the Inflation Reduction Act would inhibit innovation and cut American lives short. Drug innovation is estimated by various academic studies to contribute 35% to 73% of the gain in U.S. life expectancy over the past 30 years. One of us (Mr. Philipson) has calculated that the bill's price controls would slow R&D spending and the introduction of new life-saving drugs with a cost in lost years of life 30 times the toll from Covid-19 to date. Using conventional government measures of the dollar value of a human life, this could mean tens of trillions of dollars of economic losses—to say nothing of increased suffering of those with chronic diseases. And because drugs are one of the least expensive ways to treat diseases, slowing drug development through price controls would likely raise health-care costs over time.

Now consider the green-energy industry. Over the past 40 years more than \$200 billion of taxpayer dollars have poured into green energy—mostly subsidies for wind and solar power through direct payments, loan guarantees and renewable energy mandates. The feds have been awful at picking winners—think Solyndra—and this bill would spend another \$380 billion.

What have we received in return for all this money? Wind and solar account for less than 7% of America's total energy production—and it's an expensive 7% for the taxpayer. A University of Texas at Austin study found that subsidies per megawatt-hour of electricity amount to roughly 50 cents for coal, \$1 to \$2 for oil and natural gas, \$15 to \$57 for wind and \$43 to \$320 for solar.

The bill also proposes a corporate minimum tax because Democrats object to big companies' paying zero taxes. The pharmaceutical industry over the past decade has paid tens of billions in taxes. Many wind and solar companies receive more in subsidies than they pay in taxes.

In short, Congress is about to make a near half-trillion-dollar bet on the wrong horse. The bill will make America poorer and less competitive, and it will cost lives.

*Mr. Moore is a co-founder of the Committee to Unleash Prosperity and a senior fellow at the Heritage Foundation. Mr. Philipson served on President Trump's Council of Economic Advisers and is a professor of public policy studies at the University of Chicago.*

# Freud Explains Cancel Culture

By Andrew Hartz

There sure is a lot of moralism going around. Censorship, condemnation, excommunication, demands for apologies. There are even spontaneous chants of “Shame! Shame! Shame!” directed at the villain of the moment. I recently saw an ad for a psychology workshop that argued outright that people from “privileged” groups should “hurt” and “feel shame.” People are guilt-tripped for using disposable straws, liking a canceled song or speaking “ableist” words.

How did we descend from the libertine culture of the 1960s—“if it feels good, do it”—into a pit of endless shame?

Ask Sigmund Freud. He divided the psyche into three parts: the id (unconscious drives), the ego (the conscious self) and the superego (the site of moral ideals, inhibitions and shame). Freud saw mental health as the result of balance—being aware of feelings as they come and go, but not letting any one part of the psyche become too dominant.

A large amount of mental illness is attributed to an overactive superego. Cycles of harsh self-criticism can induce depression or push people toward drugs or alcohol. Inhibitions around things like cleanliness or public speaking can underlie anxiety disorders. Rigid prohibitions can contribute to sexual dysfunctions and eating disorders. Judgments, righteous anger and control can lead to interpersonal problems.

Some psychoanalysts argue that the superego, in its purest form, is linked to a “death drive,” which seeks to regulate all thoughts and feelings down to zero. This is the suffocating aspect of Nurse Ratched in “One Flew Over the Cuckoo's Nest.” Fully internalized, it's the logic of suicide.

The superego isn't always ethical. Someone could feel intense shame for having something stuck in his teeth during a date and no guilt at all about cheating on his taxes. The superego is often irrational, though its pronouncements can feel as if they come from on high.

The superego is often linked to father figures. In the Oedipal drama of early childhood, a son supposedly identifies with his father to internalize



CHAD CROWE

rules and ideals to live up to. Freud, like Plato, thought the parts of the psyche paralleled strata of society. The ego resembles a society's leaders, the id is like the masses, and the superego is most like the police or other bodies that enforce rules—bureaucrats, censors, corporate HR. The leaders (the ego) have to manage the selfish desires (id) and the moral idealism (superego) that drive society. They do so by gratifying them somewhat and directing them toward productive goals, but not letting either entity seize control because both tend to be shortsighted.

### The superego is the woke part of the psyche. It's moralistic, but it isn't necessarily moral.

How does all this fit into the transformation of the 1960s counterculture? In the 1960s, many figures on the left tried to abolish the superego (some consciously, others less deliberately), and this goal seeped into the entire counterculture. It wasn't only the overthrow of “the patriarchy,” an anti-father ethos, or the shifting of sexual mores, but a deeper attempt to overthrow rules and gratify desire.

Obviously it didn't work. Selfish desires are too destructive. Children need discipline; societies need laws.

New rules emerged—rules that were somehow still opposed to the old rules but attempted to perform the same functions. The result is a patchwork morality that's harsh in some places, absent in others and ultimately incoherent. If excessive sexuality is causing trauma and exploitation, rather than curtailing sexuality, activists demonize masculinity, deny the differences between the sexes, and eliminate due process.

Hypermorality is now everywhere. “Implicit bias” training attempts to purify the unconscious of forbidden thoughts. There are the extreme inhibitions of safety culture and the use of ostracization to target heretics. Then, there are grandiose moral ideals. Zero carbon. Zero gun crime. Zero pedestrian deaths. Zero tolerance.

There's also the misattunement of moralization. Criminals get compassion while police are vilified. There's sometimes more judgment of people who don't wear a mask than of people who rob stores. Insults directed at white people or men are seen as the epitome of justice and wisdom, while even unconscious bias against other groups is seen as unforgivable.

What happens to a society when the leadership is overpowered by a dysfunctional superego? Unachievable and grandiose ideals lead it astray. Narrow goals that hit moral notes override wise leadership. People lose sight of the big picture, of social cohesion and the need for humility, pragmatism and tolerance.

## China, Russia and the West's Crisis of Disbelief

By Andrew A. Michta

Historical analogies are often lazy, and I cringe when I hear analysts liken the war in Ukraine and the West's uncertain response to World War II and Munich. Yet as I watch the hesitant Western military effort—with the U.S., Britain, Poland and the Baltic states in the lead, Germany and France lagging, and the rest of Europe somewhere in between—I hear at least a rhyme.

The theme that comes to mind is “disbelief”—a widespread incredulity about the seriousness of the threat we face, which leads to unsteady leadership. It's the product of decades of post-Cold War globalist dogma that weakened the West's ability to acknowledge adversity and fight for what it holds dear.

This collective disbelief is what Vladimir Putin and Xi Jinping are banking on. Russia and even China have nowhere near the West's resources, when measured in terms of gross domestic product, compared with the overall collective wealth the West commands. Russia's economy is only about two fifths the size of Germany's. Moscow poses an economic threat to Germany only because of Berlin's self-induced weakness, the result of three decades of misguided policy that fostered Europe's dependence on Russian energy. Russia is a problem for Europe in the military domain—again the result of Western policy. Russia's nuclear-weapon modernization and Mr. Putin's selective investment in Russian-military modernization overall was accompanied by Europe's unrelenting disarmament after the Cold War. This is the root cause of the West's military softness.

Europe's collective disbelief comes across through various rationalizations that the U.S. is somehow

responsible for Russia's invasion of Ukraine on the grounds that, as Russian propaganda has maintained, America planned all along to bring Ukraine into the North Atlantic Treaty Organization. Europe's disbelief also underlies the quasihistorical explanations of the crisis, for after all, they say, Ukraine has always been a part of Russia, or at least in the Russian sphere of influence. Europe's confusion bleeds through in the form of a thinly veiled disdain for “Eastern Europeans” evident in many Western European newspaper editorials.

This moment of uncertainty says more about the West than about the war itself, the nature of the Ukrainian state, the extent to which the Russian nuclear threat is real, and above all our seeming lack of faith that Ukraine can defeat Russia. Such Western collective self-doubt has been the main reason we have failed to recognize that Mr. Putin's 2007 speech at the Munich Security Conference amounted to a

declaration of war on the West. What happened in Georgia in 2008, Ukraine in 2014, Syria in 2015 and Ukraine again in 2022 has been a series of kinetic campaigns in that war.

### Globalist dogma has weakened America's ability to acknowledge and confront adversity.

Some pundits have continued to posit that at best this has been a hybrid war that could be walled off and contained, and that it wouldn't or shouldn't interfere with business as usual with Russia. It is because of our collective refusal to acknowledge the new reality Mr. Putin has created in Europe that Western leaders have yet to address their publics on the need to move our economies to wartime production. Instead, the military

aid we send to Ukraine largely draws down our existing stocks, while our investment decisions don't provide for manufacturing redundancies imperative in a war.

Democracies are today at a disadvantage vis-à-vis the Russian-Chinese totalitarian axis, and it isn't because the West lacks the money or material resources to confront them and prevail. Rather, much like in the late 1930s, the West doesn't believe that the threat is real.

Historically democracies have been unbeatable when united around a common purpose.

Until the West's disbelief is replaced by a determination to resist, the Russian and Chinese dictators will keep pressing on, planning their major assaults and dreaming of future victories.

*Mr. Michta is dean of the College of International and Security Studies at the George C. Marshall European Center for Security Studies in Garmisch, Germany.*

## Iran Tried to Kill Me on American Soil

By Masih Alinejad

Brooklyn, N.Y.  
This time their objective was to kill you,” a special agent from the Federal Bureau of Investigation told me. “We detained him with a loaded AK-47.” When I saw the photos of the weapon, I was filled with shock, fear and disbelief.

In 2014 I launched a campaign challenging compulsory hijab in my native Iran. For defending a woman's right to dress how she wants and my endless criticism of the regime, I have been targeted multiple times by the Iranian government on American soil.

Video security footage at my home showed a man on my porch last week trying to break in. While he was outside my door, I was on a video call with Human Rights Foundation chairman Garry Kasparov and Venezuelan activist Leopoldo López. We were discussing how last month both Vladimir Putin and Nicolás Maduro were in Iran, and that just as the dictators are united, so should be the efforts against their regimes.

According to an affidavit from the FBI, the Iranian agent who attempted to enter my home is Khalid Mehdiyev, an Azerbaijan-born immigrant to the U.S. New York police arrested him on Thursday and, after searching his car, they found the loaded AK-47, 66 rounds of ammunition, more than \$1,000 in cash, and

multiple fraudulent license plates from various U.S. states. President Biden's national security adviser, Jake Sullivan, has confirmed that the Iranian regime sent Mr. Mehdiyev to assassinate me.

Tehran is deathly afraid of my message and its strength inside Iran. For months last year, I had to move between multiple safe houses after the FBI foiled a plot by Iranian agents to kidnap me from my home in New York and forcibly return me to Iran by way of Venezuela. I am

### For exercising my freedom as a U.S. citizen and criticizing the regime, my life and family are at risk.

routinely harassed online and accounts try to impersonate me to discredit my message. Earlier this month my social-media accounts were fraudulently suspended. The regime has gone after my family in Iran, trying to use my mother to lure me back to the country.

Though my family and I are again being uprooted from our home to go into hiding, the Iranian regime's attempts to silence me will never work. I am not fearful of dying, because I know what I am living for. I have dedicated my life to

fighting for those in my country who bravely risk everything to challenge the dictatorship.

Iran continues to deny all of this, but it's the truth. The regime is my only enemy, the only entity interested in kidnapping or killing me. It has already harassed my family in Iran, put my sister on national TV to denounce me, and jailed my brother for two years. It is no surprise that a ruthless tyranny would want to repress innocent activists, but it is shocking it would twice attempt to commit crimes against someone in America. For daring to enjoy my freedom and give a voice to the countless Iranians who can't speak freely, I am unable to live in peace or security even in the U.S.

Tehran is unlikely to stop. Regime officials are humiliated that this latest foiled plot makes the regime look like a bumbling failure. Perhaps they will be emboldened to finish what they started. I am grateful for the protection of law-enforcement agencies, and I hope the U.S. government takes this seriously and makes clear to the mullahs that an American citizen like me should feel safe exercising her constitutional freedoms inside U.S. borders.

*Ms. Alinejad is a member of the Human Rights Foundation's international council and author of “The Wind in My Hair: My Fight for Freedom in Modern Iran.”*

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# BUSINESS & FINANCE

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Last Week: S&P 4145.19 ▲ 0.36% S&P FIN ▼ 0.06% S&P IT ▲ 1.95% DJ TRANS ▼ 0.05% WSJ \$IDX ▲ 0.73% 2-YR. TREAS. yield 3.248% NIKKEI 28175.87 ▲ 1.35% See more at WSJ.com/Markets

## Profit Outlooks Hang Over Stocks

Lowering of earnings expectations spur worries that shares are overpriced

By HANNAH MIAO

Corporate-earnings expectations are falling. That means the stock market is again at risk of appearing expensive, even after this year's decline. Wall Street often uses the ratio of a company's share price to its earnings as a gauge for whether a stock appears cheap or overpriced. By

that metric, the market as a whole had been especially pricey for much of the past two years when easy monetary policy propelled major stock indexes to dozens of highs.

That environment has disappeared. Worries about inflation and the path of the Federal Reserve's interest-rate increases spurred tumult in markets, along with debate about the appropriate value of stocks. The S&P 500 has fallen 13% in 2022 so far, despite rallying 13% since mid-June.

Yet even as stock prices dropped, the earnings half of the P/E equation remained rel-

atively resilient. Now that Wall Street analysts are cutting profit estimates at a faster pace than usual, some investors are bracing for another stretch of volatility in the stock market.

"It's hard for us to argue the market is cheap," said Rob Haworth, senior investment strategist at U.S. Bank. "We haven't yet seen the end of earnings resetting."

The third-quarter bottom-up earnings-per-share estimate, an aggregate of consensus projections for individual companies in the S&P 500, fell by 2.5% in July, according to

FactSet. That is the biggest reduction during the first month of a quarter in more than two years and a larger decline than the historic average.

The market's valuation is back on the rise as well. After slipping from lofty levels at the beginning of the year, the S&P 500 is trading at 17.5 times expected earnings over the next 12 months, up from 15.3 in mid-June and slightly ahead of its 10-year average.

Netflix Inc., Bath & Body Works Inc. and Twitter Inc. are among the companies whose valuations soared in recent weeks as their earnings

estimates slumped.

"It's not just fundamentals or growth, but what you're paying for those is ultimately what matters," said Ronald Saba, senior portfolio manager at Horizon Investments. "Valuations are going to matter more and more, especially in a slowing growth environment."

In the week ahead, investors await reports on consumer and producer prices for the latest reading on inflation. They will parse quarterly results from companies such as Walt Disney Co., Norwegian Cruise Line Holdings Ltd. and

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## Carlyle's Lee Is Set To Give Up CEO Post

By MIRIAM GOTTFRIED

Carlyle Group Inc. Chief Executive Kewson Lee is leaving the private-equity firm, as it struggles to expand and its shares lag.

Carlyle said late Sunday after The Wall Street Journal inquired about the matter that Mr. Lee will step down as CEO immediately and will leave the firm when his five-year employment agreement ends at year-end.

William Conway, a co-founder and former co-CEO of the firm, will serve as interim chief executive until a permanent successor can be found.

Shares of the Washington, D.C., firm have lagged behind its publicly traded peers since its 2012 initial public offering. Carlyle was slow to branch out

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## Shale Drillers Warn of Higher Expenses

By BENOÎT MORENNE

Shale companies are reporting banner profits but are warning that inflation in the oil patch is leading them to increase spending.

Oil prices hovering around \$110 a barrel in the second quarter lifted the earnings of some of the largest shale companies. Pioneer Natural Resources Co., Continental Resources Inc., Diamondback Energy Inc., Coterra Energy Inc. and Matador Resources Co. all reported historically high profits in recent days, according to FactSet.

A measure of Pioneer's net income reached about \$2.37 billion, more than six times what it reported the same time last year. A measure of Diamondback Energy's profit was \$1.46 billion, up from \$328 million last year.

At the same time, many shale companies are increasing their budgets to deal with labor shortages and the soaring prices of raw materials and services. Pioneer expects its annual budget to grow by about 7% to around \$3.7 billion, while Devon Energy Corp. sees its budget rising about 6%.

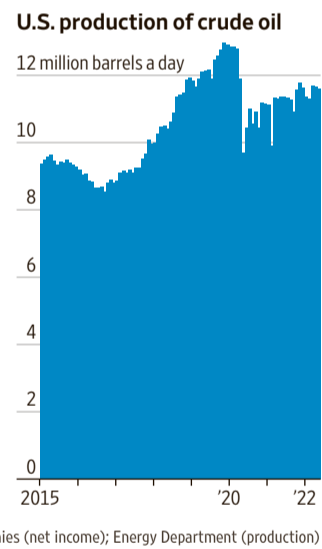
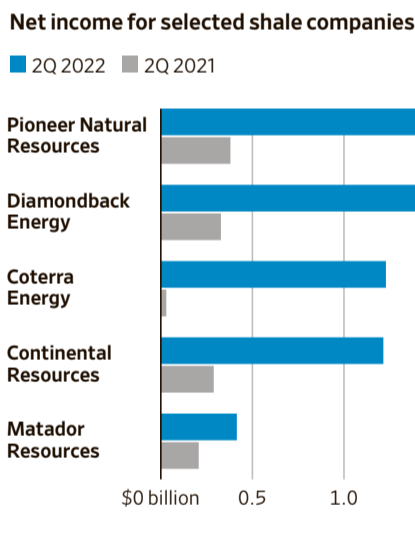
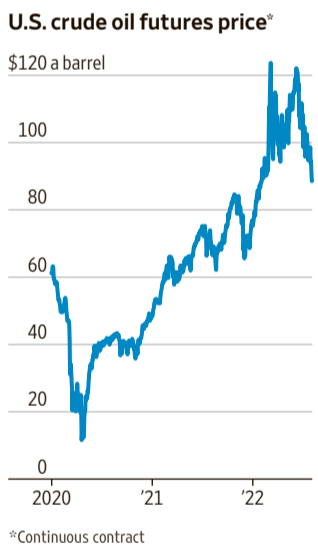
The extra spending won't boost oil and gas production. Instead, the increase is necessary to meet their production targets for the year, most of the companies said. The production of shale wells declines rapidly, forcing companies to drill new wells to sustain output. Rising costs to drill are making it harder to stave off the declines.

Company executives said

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Increased spending is necessary to meet fracking companies' production targets for the year. It won't boost oil and gas output.



Sources: FactSet (price); the companies (net income); Energy Department (production)

## UPS Nears Overseas Healthcare Acquisition

By BEN DUMMETT AND LAURA COOPER

United Parcel Service Inc. is nearing a deal to acquire Italy's Bomi Group, according to people familiar with the matter, as it looks to bolster its medical-product-distribution business.

The deal, valued at several hundred million dollars, could be finalized as soon as Monday assuming the talks don't break down at the last minute, the people said.

Founded in 1985, closely held Bomi distributes medical products such as imaging equipment, biological samples and pharmaceuticals to hospitals, clinics, laboratories as well as to patients' homes. It operates in Europe and Latin America, according to the company's website.

A deal for Bomi would ex-

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## Before Celsius, CEO Had Big Ideas, Battles

By JAMES FANELLI AND VICKY GE HUANG

For some 30 years, Alex Mashinsky barreled into whatever was the hot technology of the time, promising revolutions in long-distance calling, airport rides and, most recently, crypto. He often left a trail of unhappy friends, colleagues and investors.

His latest venture, Celsius Network LLC, pitched itself as safe and subversive. It was a way for regular people to tap the moneymaking potential of crypto and to upend traditional banking. Last month, Celsius filed for bankruptcy protection and its customers

worry they might never get their money back.

Public records and interviews with people who know Mr. Mashinsky paint a picture of a brash, confident serial entrepreneur with a constant stream of big ideas. Some of his companies have been more successful than others, but they often had a common thread: Mr. Mashinsky frequently left them under tense circumstances.

After each dispute, Mr. Mashinsky found a way to bounce back and sometimes even go bigger. In less than five years, he nursed Celsius into one of the biggest crypto

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## Market Turmoil Hits Berkshire Results

By AKANE OTANI

Berkshire Hathaway Inc.'s earnings slid in the second quarter as market turmoil weighed on the company's massive stock portfolio.

The Omaha, Neb.-based company, which owns businesses ranging from insurer Geico and railroad BNSF Railway to sportswear maker Brooks Running, posted a loss of \$43.8 billion, or \$29,754 a class A share equivalent. That compared with a profit of \$28.1 billion, or \$18,488 a share, in the year-earlier period.

Berkshire's operating earnings, which exclude some investment results, rose to \$9.3 billion from \$6.7 billion a year earlier. Earnings grew at all of the company's major units, including its railroad, utilities and energy, as well as insurance underwriting operations.

Chief Executive Warren Buffett has said he prefers looking at operating earnings to gauge the company's performance, since accounting rules require Berkshire to include unrealized gains and losses from its investment portfolio when it reports its net income. When markets slide, as they have this year, they can be a substantial drag on Berkshire's earnings, even if its underlying businesses are doing well.

"We believe that investment and derivative gains and losses...are generally meaningless in understanding our re-

ported quarterly or annual results or in evaluating the economic performance of our businesses," Berkshire said in a statement accompanying its results.

The S&P 500 has fallen 13% in 2022 as decades-high inflation forced the Federal Reserve to swiftly raise interest rates. Rising prices for everything from freight to labor to raw materials also weighed on companies, including Berkshire's subsidiaries.

Berkshire's railroad unit, for instance, saw a 20% increase in the cost of operations in the second quarter, largely driven

by a steep rise in the cost of fuel, as well as wages.

"In terms of inflation in our own businesses, it's extraordinary how much we've seen," Mr. Buffett said at the company's annual shareholder meeting earlier this year.

Despite rising price pressures and cooling economic activity, many of Berkshire's businesses managed to grow in the second quarter as they passed on higher costs to customers. BNSF Railway introduced a fuel surcharge and was able to make more revenue per railway car, while Forest River Inc., which manufac-

tures recreational vehicles, pontoon boats and shuttle buses, reported fetching higher average sales prices for its vehicles.

Other businesses were stung by inflation. Geico reported having to spend more on claims from its auto-insurance customers as a result of rising prices in the car market and shortages of car parts necessary for repairs. That weighed on its underwriting business.

Meanwhile, Berkshire continued to increase its investments in the stock market in

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BNSF Railway introduced a fuel surcharge in the quarter. Its booth at the annual shareholder meeting.

HEIDI HELBRUNN FOR THE WALL STREET JOURNAL

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# Insurer Cuts Prices To Spur Safeguards

By LESLIE SCISM

**FM Global**, one of the nation's large business insurers, will provide a 5% reduction in annual premiums to its roughly 1,500 policyholders to spur them to better protect their property against risks including wildfire, floods and hurricanes.

The carrier is taking the step of providing what it calls a "resilience credit" as concern mounts world-wide that climate-related catastrophes are becoming more frequent and severe. The credit would total about \$300 million.

Formally known as Factory Mutual Insurance Co., the firm is owned by its policyholders and has more flexibility than publicly traded peers to take an upfront revenue hit in expectation of a reduction in claims costs in the long term. Its clients, which include many of the world's biggest companies, pay an average premium of over \$4.3 million annually.

While not a household name, the carrier is prominent in insurance circles. Founded in 1835, it has a tradition of loss-prevention efforts. It employs about 2,000 engineers, many of whom visit policyholders' premises to help them size up risk and identify ways to mitigate risk exposures.

FM Global won't monitor how policyholders use the

money, Chief Executive Malcolm Roberts said. But he said he believes they will largely follow recommendations from FM Global's engineers. High-quality flood barriers, noncombustible insulation and better roofs are likely uses, the insurer said.

The company said the \$300 million has the potential to eliminate more than \$100 billion in risk exposure. "There are lots of very simple solutions, and \$300 million will go a long way," said Mr. Roberts, who joined FM Global as a loss-prevention engineer in 1995 and became CEO in January. If the effort succeeds, more credits could follow.

Efforts to "harden" homes and businesses, as insurers call it, have become a bigger deal over the past several years.

In 2017, California wildfires and Hurricanes Harvey, Irma and Maria caused unexpectedly large damage and served as a wake-up call to insurers and policyholders. The disasters made the year one of the insurance industry's costliest ever.

Commercial insurance prices in the U.S. are up about 50% since 2018, according to the Marsh brokerage unit of Marsh McLennan. FM Global's rates are up by a double-digit amount but less than the industrywide figure, Mr. Roberts said.



Nike said its direct-to-consumer sales helped offset the decline in its wholesale business early in the pandemic.

# Direct-to-Consumer Sales Fuel Growth in Supply-Chain Technology

By AKIKO MATSUDA

The push by consumer-goods suppliers to sell directly to consumers is giving a boost to technology companies that help untangle the complexities of retail supply chains.

Footwear, apparel and electronics manufacturers are among the sectors that have been stepping up direct-to-consumer business, a trend that has accelerated during the Covid-19 pandemic as shopping at bricks-and-mortar stores crumbled and suppliers sought new paths online to reach customers.

**Manhattan Associates Inc.**, an Atlanta provider of supply-chain management software to the retail and manufacturing sectors, said its revenue has grown at a double-digit pace this year, in part because of new corporate customers seeking to build the technology to handle individual consumer orders. Blue Yonder, a subsidiary of Japan-based **Panasonic Corp.**, said it added nearly 100 new clients this year for its supply-chain management technology.

"We are starting to attract...customers that we've never done business with before, because years ago, they weren't in need of our solutions, but today they are," said Manhattan Associates' Chief Executive Eddie Capel. "Almost every company is, in some way, shape or form, getting closer to the consumer."

The strategy fostered a growing ecosystem of providers.

The direct-to-consumer strategy gained traction some years before the pandemic as startup brands sought to sell their products directly to customers without wholesalers or third-party retailers. The growth of online marketplaces helped many direct-to-consumer startups get their names out.

Direct-selling startup brands, such as footwear and apparel brand Allbirds Inc. and home-fitness program

provider Peloton Interactive Inc., thrived early in the pandemic when most people stayed home and ordered everything from groceries to furniture online. To capture online shoppers, major brand manufacturers pushed forward with direct-selling strategies.

The logistics of direct-to-consumer sales for manufacturers can be very different from the operations to supply retail stores, however.

Suppliers of products, from potato chips to appliances, often ship big consignments of goods through industrial supply chains, often on shrink-wrapped pallets hauled by tractor-trailers to distribution centers or stores. Companies selling to consumers must manage the flow of individual shipments, such as a box of athletic shoes, rather than hundreds of boxes moving from the factory to a corporate customer's loading dock.

The strategy fostered a growing ecosystem of providers like **Shopify Inc.**, which creates online tools for sellers and is expanding its ability to handle logistics for its customers. Supply-chain soft-

ware suppliers such as Manhattan Associates, Blue Yonder and Infor Inc. help companies manage inventory and the flow of goods within their supply chains.

Athletic-apparel giant **Nike Inc.** said its direct-to-consumer sales helped offset the decline in its wholesale business early in the pandemic.

In its fiscal year ended in May, about 24% of its total revenue originated from the company's digital channels, including its websites and phone apps, said Chief Financial Officer Matthew Friend during an earnings call in June. "A more digitally connected Nike is a more valuable Nike," he said.

Food and beverage companies have also jumped on the direct-selling bandwagon. In May 2020, **PepsiCo Inc.** launched two direct-to-consumer websites—Snacks.com and PantryShop.com—where shoppers can order an assortment of PepsiCo products.

Gibu Thomas, then head of e-commerce, said at the time that PepsiCo's new websites were to serve shoppers who were increasingly turning to online shopping for food and beverage purchases.

# UPS Nears Deal

Continued from page B1

pand Atlanta-based UPS's operations in those regions and

underscore the growing importance of the transport of medical supplies and equipment since the pandemic.

In June, an investment group led by global buyout firm EQT AB agreed to acquire Sweden-based medical-freight provider Envirotainer AB for close to \$3 billion.

Bomi would represent a relatively small acquisition for UPS, which has a market value

of close to \$172 billion.

UPS is acquiring the business from French buyout firm **ArchiMed**, which together with Bomi's founding Ruini family purchased the company in 2019.

Since then, the logistics company has acquired more than six rivals, cementing its position as Italy's largest transport and warehouse operator for the healthcare in-

dustry and expanding its operations in Brazil, the U.K. and Spain.

ArchiMed manages over €5 billion, the equivalent of \$5.1 billion, in assets that are concentrated across the healthcare sector.

The company focuses on biopharmaceutical products and services, life-science tools and medical devices and technologies.

# Drillers Increase Spending

Continued from page B1

price increases are affecting everything from drilling rigs to the diesel that powers fracking units to the steel that roughnecks insert into wells. Over 10 of the largest frackers have raised their budgets for the year, said the investment firm Pickering Energy Partners, with expected increases ranging from 2% to 18%.

"It is hard to point to any significant item that has not seen some level of price increase," Coterra Energy Chief Executive Thomas Jorden told investors this past week.

Operators have had to contend this year with a 20% to 30% cost increase because of inflation compared with 2021, according to the energy consulting firm Rystad Energy.

Inflation has been more than offset by momentous profits on the back of high oil prices. "The movement in the oil price from a returns standpoint is outstripping any inflationary effects," said Gregory Hill, chief operating officer at Hess Corp.

But the cost increases might dent future oil output. Shale companies were already looking to rein in spending following years of poor returns by redirecting cash to shareholders and away from the field. Hess said it would return as much as



The production of shale wells declines rapidly, forcing companies to drill new wells to sustain output.

75% of its free cash flow this year to shareholders through dividends and buybacks. Pioneer said 95% of its free cash flow went to shareholders in the second quarter. That shift was expected to limit production growth despite climbing oil demand world-wide and the recent price increases.

"Tightness in the oil patch is leading to higher inflation [and] is making it harder to put production online in a timely manner," said Kevin MacCurdy, a managing director at Pickering Energy Partners.

Some producers, including **ConocoPhillips**, **Pioneer** and **Diamondback**, allowed their oil production in the continental U.S. to drop between about 1% and 2% from the prior quarter. Pioneer cited a divestiture as a

reason for the decrease. The Energy Information Administration expects U.S. oil production to grow by about 1 million barrels a day this year, but output so far has been mostly flat. Domestic production dropped by about 30,000 barrels of oil a day to under 11.6 million between April and May, according to the EIA. Bad weather in North Dakota this spring disrupted operations there, companies have said.

The Biden administration has repeatedly called on shale drillers to increase production and help end a prolonged period of elevated gasoline prices that has underpinned inflation. Amos Hochstein, an administration energy-security adviser, said this past week on CNBC that companies "need to put to-

gether the frack crews...and invest so they can have additional oil output."

Executives said fracking crews have been in high demand, especially in the oil-rich Permian Basin, in West Texas and New Mexico. **Occidental Petroleum Corp.** told investors it was reallocating about \$100 million to the region to match upward of 10% in cost increases there. A tight market for services is also weighing on producers in the natural-gas fields of Appalachia, companies said.

Service companies mothballed machinery and laid off thousands during the pandemic. They have since invested little in new fleets of equipment, giving some service companies leverage to set higher prices.

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## BUSINESS NEWS

## Early Amazon Investor Saw E-Sales Potential

By ESTHER FUNG

Tom Alberg, an early investor in Amazon.com Inc., long-time adviser to Jeff Bezos and leader in Seattle's technology and startup communities, died on Friday. He was 82 years old.

Mr. Alberg was known in business circles as a "Day 1 investor" in Amazon, and served on Amazon's board for 23 years, from 1996 to 2019.

"Tom was a visionary and also just a wonderful, good man," said Mr. Bezos, Amazon's founder, in a tweet Saturday.

**OBITUARY**  
**TOM ALBERG**  
**1940-2022**

Mr. Alberg, in a book published last year, recalled that in early 1995 he was approached by another lawyer who represented a group of investors considering the internet bookstore that Mr. Bezos was creating. The lawyer was seeking Mr. Alberg's expertise on "internet and tech stuff" and asked him to talk to Mr. Bezos, Mr. Alberg wrote.

After meeting with Mr. Bezos and discussing his business plan and vision of what he was trying to build, Mr. Alberg called the lawyer and said he might invest in Amazon himself. The lawyer's group eventually passed on investing because they thought Mr. Bezos's valuation of Amazon at \$5.2 million was too high, he wrote.

In the following months after Amazon was launched, Mr. Alberg said he received periodic calls from Mr. Bezos about the startup's sales progress, including when the first European order came through. Finally in December 1995, after Mr. Bezos raised \$1 million from others, Mr. Alberg said he wrote him a check for \$50,000.

"It wasn't a crazy speculation—at least in my mind. I thought investing in Amazon was a measured risk in a technology that appeared to have great potential to change lives," Mr. Alberg said in his

book, "Flywheels: How Cities Are Creating Their Own Futures," published in 2021.

"I was not just investing in Jeff's book idea. It was really about the notion that people would do many things on the internet," Mr. Alberg said. Mr. Bezos invited Mr. Alberg to be one of Amazon's first three advisory directors, he wrote. The company is now valued at about \$1.43 trillion.

Mr. Alberg was born on Feb. 12, 1940, and grew up in the Ballard neighborhood of Seattle. He graduated from Harvard University and Columbia Law School.

He worked at the law firm of Cravath, Swaine & Moore LLP before returning to Seattle in 1967.

He later became a partner at Perkins Coie LLP, one of Seattle's largest law firms; an executive at Seattle's McCaw Cellular Communications, which was acquired by AT&T in 1994, and co-founder in 1995 of the Madrona Venture Group.

In Seattle, Mr. Alberg helped raise funds for the University of Washington's Paul G. Allen School of Computer Science & Engineering to build a 85,000 square-foot facility, and also helped start Challenge Seattle, a hub of business and community leaders focused on civic issues.

He wrote in his book that businesses and city governments needed to do more to address homelessness as well as problems in public education and transportation.

"A tech-driven economy is not sufficient," he said. "We also must figure out how to solve the civic and social problems of our big cities: mounting homelessness, fraying public safety and increasing traffic congestion. Also unsolved are the older, deeper problems of systemic discrimination and inadequate public education, particularly for children of color."

Mr. Alberg is survived by his wife, Judi Beck, five children and four grandchildren.

## Ben &amp; Jerry's Court Fight With Unilever Is Set to Begin

By SAABIRA CHAUDHURI

A request by Ben & Jerry's to block parent company Unilever PLC's sale of the ice-cream brand's Israeli business is set to be heard by a New York court Monday in what lawyers say is a first-of-its-kind case.

At the heart of the case is what powers Ben & Jerry's independent board, a unique corporate-governance arrangement Unilever granted when buying the brand, has in practice. Under the 2000 acquisition agreement, Unilever agreed to allow Ben & Jerry's to have a self-perpetuating board with nine independent seats and two given to Unilever nominees. The brand's board has primary responsibility for the ice-cream maker's social mission while Unilever has responsibility over operational and financial matters.

Last month, the independent board members filed a lawsuit against Unilever in the U.S. District Court in Manhattan seeking an injunction to block the sale of Ben & Jerry's Israeli business to a licensee. Unilever's two representatives voted against the suit at a board meeting held to discuss the issue, Ben & Jerry's said in a court filing. A subsidiary filing a lawsuit against its parent is virtually unheard-of, lawyers say, because typically a unit with its own board would have most of its directors appointed by the parent.

Unilever announced the sale in June following backlash over Ben & Jerry's decision last year to no longer sell its products in Jewish settlements in the West Bank and parts of East Jerusalem. The brand said at the time that such sales were inconsistent with its values.

The Ben & Jerry's independent board members said in the court filing that the sale was made without their approval and deprived them of their rights to preserve the company's social mission and safe-



A subsidiary filing a suit against its parent company is virtually unheard-of, lawyers say.

guard the brand. They say Unilever tried "to usurp the board's contractual authority and nullify its previous decision prohibiting the sale of Ben & Jerry's products in the West Bank."

Shahmeer Halepota, an attorney at AZA Law, which is representing Ben & Jerry's in the suit, said, "This is the most unique merger agreement I've ever seen, the byproduct of a year and a half of negotiation which culminated in a corporate governance structure which provides the board with clearly delineated rights and the power to enforce those rights."

Unilever has said that, because the agreement gave the company responsibility for financial and operational decisions, it has the right to sell Ben & Jerry's Israeli business.

Ben & Jerry's board isn't using funding from Unilever for the lawsuit and the independent directors aren't able to access funds held by the subsidiary, a person familiar with the matter

said. In the suit filed by Ben & Jerry's, the brand asserts it is entitled to recover reasonable attorney's fees.

Executives at London-based Unilever believe the lawsuit isn't valid because the brand and parent should be considered the same entity given Unilever is the sole shareholder of the ice-cream maker, according to a person familiar with the matter.

In a letter recently filed to the court, Ben & Jerry's said Unilever has frozen the compensation of the independent board members. A person familiar with the matter said the agreement makes no mention of any obligation by Unilever to pay Ben & Jerry's board members.

Unilever is obliged under the contract to agree to successors to independent board members, who are chosen by those directors. Of the 11 available seats, seven are filled. The five independent directors are led by Chair Anuradha Mittal, founder of the Oakland Institute, a think

tank focused on issues such as land rights and climate change. Others include Jennifer Henderson, a strategist advising companies and communities on areas such as civil rights, and Daryn Dodson, managing director of a private-equity firm that says it is focused on reducing bias in capital markets.

Representing Unilever are Ben & Jerry's Chief Executive Matthew McCarthy, formerly Unilever's vice president of North America foods, and Constantina Tribou, human-resources head for Unilever's beauty and well-being division.

Monday's telephone hearing comes after the board and Unilever failed to reach an agreement during a two-week mediation period. Any injunction granted at the hearing will be temporary with the outcome depending on the decision of the overall case, which not only considers the sale but seeks to clarify the rights of the independent board members.

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# Grocery Chain Prepares for a Downturn

Karns adjusts prices, drops some products as consumers become more cost-conscious

By JAEWON KANG

Supermarket chain **Karns Foods** says it is getting ready for a recession.

The family-run company in Mechanicsburg, Pa., is carrying more low-cost food brands and dropping some expensive products altogether. The grocer removed quart-size heavy cream products from some stores as they became more expensive and put less expensive store brands and smaller packages on shelves instead.

The 10-store chain with about 1,200 employees said it is obsessively comparing its prices every week, far more often than in the past, against retailers from Walmart Inc. to Koninklijke Ahold Delhaize NV's Giant Co. in their stores, online and across print advertisements, and adjusting as needed.

"I see customers change their buying habits and worry about finances," said Scott Karns, chief executive officer of Karns, adding that profits have taken a hit driven by higher labor and energy costs. It is also absorbing price increases from manufacturers.

Amid an economic slowdown and high inflation, companies are trying to forecast shifts in consumer demand and recalibrate their business. A number of retail giants and consumer companies have issued profit warnings and projected falling sales in recent weeks as consumers start to pull back on spending. Small operators like Karns face particular challenges of managing growing costs and juggling competition from bigger peers.

These days, more customers are using credit cards to do their shopping at Karns instead of using cash or debit cards. Staffers often hear price complaints from customers and swing by nearby competitors to check prices during their lunch breaks, executives said.

Mr. Karns, other executives



Karns, like other retailers, is navigating higher costs for labor, transportation and materials that have been squeezing its margins.

and staffers compare prices of staples, ranging from canned soup and granola bars to ground beef and chicken breast, and front-page ad items. He himself sometimes carries a three-inch price catalog to nearby stores of competitors, including bigger chains that he said get better sale deals such as online coupons. The goal is to make sure nothing is priced too high or low, an important task at a retailer serving mostly middle-income families living in central Pennsylvania.

"We usually make a phone call and say, 'We gotta play fair.' Most of the manufacturers do try to work out and get you back into the programs," Mr. Karns said. "I make calls way more often than I should in this industry."

Karns stores got rid of 200-

count bottles of pain-relief medicine because executives believed the item was too expensive and wouldn't sell. The grocer is considering eliminating one or two of the least popular salad-dressing items that executives said are unlikely to sell if they get more pricey.

As people increasingly seek lower-cost products, Karns is adding more of them. The company is focusing on store brands while expanding its so-called \$10 Max Packs in the frozen meat department where it sells 3-to-5-pound bundles of protein. Karns, which said it highlights Pennsylvania suppliers to draw customers, buys meat made for restaurants and repackages them for the value section.

Karns is doing this despite, like other food retailers, hav-

ing to navigate higher costs for labor, transportation and materials that have been squeezing its margins.

However, if another retailer is charging more for toilet paper, for instance, Karns will do the same. It was losing money on some products, thinking it was important to keep paper products at the lowest possible price.

"It's impossible to be the cheapest on everything," said Andrea Karns, vice president of sales and marketing at Karns and Mr. Karns's daughter.

Rather than raising prices of a big staple like mayonnaise, Karns is looking at increasing prices of similar products such as tartar sauces or horseradish sauces—what executives call "fringe categories." Figuring out the right

price requires a constant change in calculus for the grocer.

Ms. Karns said: "What's the price point that hits better for customers? If it's under \$1, how sensitive are they?"

Beyond prices, Karns executives are studying their operations to identify where they can save money. They added cashless self-checkout stations, a move to cut labor costs.

Where possible, Karns and other grocers are stockpiling food before it gets more pricey. Karns purchased extra pallets of baked beans last year when executives learned of future price increases; they are now selling them at the same price as last year.

Other cost-cutting measures are less obvious. The company is swapping out soy

oil for sunflower oil in its hot-food department fryers because sunflower oil lasts about two to five days longer.

It recently found a new supplier of ingredients for the hot-food section that saves the company \$4 to \$5 a case.

Karns also is switching to a new maker of containers for prepared food after seeking cheaper options for two months. The new vendor will help Karns save 20 cents per unit for a larger container and 14 cents per unit for a smaller size, Ms. Karns said. Containers look only slightly different and have no quality gaps, she said, adding that executives got the idea when they visited another independent supermarket.

Ms. Karns said: "The consumer will never notice that difference."

## Celsius CEO Had Big Ideas

Continued from page B1

lenders, with more than \$20 billion in assets at its peak. In its bankruptcy filing, Celsius said it grew too fast and wasn't prepared for turbulent market conditions.

While the collapse of one crypto lender might seem small, it could be a sign of more to come. Many crypto companies are interconnected, borrowing and lending digital assets between themselves. Since Celsius froze withdrawals in June, at least five other crypto firms have followed suit, highlighting the risk that an unwind in speculative trades could spill over into broader financial markets.

Terms of use on the Celsius website say that in a bankruptcy, customers might not be able to recover the cryptocurrencies in their accounts or the collateral they put up for loans.

Neither Mr. Mashinsky, 56 years old, nor a representative for Celsius responded to requests for comment. In a statement issued after Celsius filed for bankruptcy protection, Mr. Mashinsky said the move was "the right decision for our community and company."

"I am confident that when we look back at the history of Celsius, we will see this as a defining moment, where acting with resolve and confidence served the community and strengthened the future of the company," he said.

### Early Beginnings

Mr. Mashinsky was born in 1965 in Ukraine, under Soviet rule. His family lived in a shack and got permission to leave the country in the 1970s, he said in an interview with a podcast host this year.

"When I see little guys being squashed by big guys—that's what I'm fighting for," he said in the interview.

Mr. Mashinsky later moved to Israel, where his formal education ended after two semesters at Tel Aviv University, according to a deposition he gave in 2018. (The deposition was part of a lawsuit Mr. Mashinsky filed against a friend over a money dispute in a state court in New York. The case is ongoing.)

He launched his first startup around 1995, when he was about 30 years old and had moved to the U.S. The company, Arbinet, created an exchange in which phone companies could trade available bandwidth, according to Bob Barbieri, who worked there with Mr. Mashinsky.

"You didn't sit around with Alex and talk about the Yankees, the Giants or what was going on in basketball," said Mr. Barbieri, who later tapped Mr. Mashinsky as a consultant to secure funding for a music-industry startup. "Alex was a business person from start to finish."

Mr. Mashinsky ran the company until 1999, and venture-capital investors took over afterward.

Later, Mr. Mashinsky launched a proxy battle to take the company back, saying then that he was "uniquely positioned to take maximum advantage of" Arbinet's technology.

Shortly afterward, the company filed a lawsuit in New Jersey federal court that accused him of disclosing confidential information to institutional investors.

Mr. Mashinsky eventually regained a board seat. He denied the allegation about disclosing confidential information, and he and Arbinet agreed to dismiss the case.

A representative for **Innovate Corp.**, the company that eventually absorbed Arbinet, didn't respond to a request for comment.

Mr. Mashinsky created other companies after starting Arbinet, including a tech firm that he sold, according to PitchBook, and another tech company that was backed by the private-equity firm **Warburg Pincus**. A Warburg Pincus spokeswoman said the firm exited its investment



Alex Mashinsky, above in 2021, launched his first startup when he was about 30 years old.

nearly 20 years ago.

Mr. Mashinsky was also involved with **Transit Wireless** from its early days. The company, which operates public Wi-Fi throughout the New York City subway system, didn't respond to requests for comment.

### Next Big Project

After Arbinet, Mr. Mashinsky's next big project was an on-demand ride-sharing platform connecting passengers to black cars and limousines. He has said he got the idea after being stood up by a driver who was supposed to pick him up at the airport.

The company, which he co-founded around 2004, eventually came to be called **GroundLink**. In 2011, Mr. Mashinsky helped secure a major cash infusion from private-equity investors, who then installed new leadership.

Malcolm Elvey, a GroundLink co-founder, said he left the company after a falling-out with Mr. Mashinsky, and he was disappointed with how Mr. Mashinsky managed the company.

"My biggest regret is the fact that we were unable to continue our grandiose plan of creating what would have been another Uber," said Mr. Elvey, who is now based in Cape Town, South Africa.

Mr. Mashinsky soon pivoted

back to a familiar industry, becoming chief executive officer of the telecom firm **Novatel Wireless**. Mike Alfred, a private investor who specializes in crypto, said he met Mr. Mashinsky at a networking club for CEOs.

Mr. Alfred said that when Mr. Mashinsky was Novatel Wireless CEO, he told Mr. Alfred that he had accumulated millions of dollars worth of call options, or bets, on another telecom firm.

### Mr. Mashinsky became a regular fixture at crypto conferences.

"My first impression was: 'Here's a guy who likes to take risks,'" said Mr. Alfred. "But you typically don't see CEOs of publicly traded companies speculating in the call options of related publicly traded companies."

Mr. Alfred later became an outspoken critic of Mr. Mashinsky and Celsius.

Novatel Wireless fired Mr. Mashinsky in 2015 after about 16 months in the post, according to a company press release, which didn't provide details. Mr. Mashinsky said in

LLC. The proposed merger never happened.

Representatives for Columbus Nova, which now goes by a different name, and Mr. Vekselberg didn't respond to requests for comment.

Mr. Mashinsky did consulting work for Columbus Nova in 2016, according to his deposition. The U.S. Treasury Department sanctioned Mr. Vekselberg in April 2018.

### Fintech Job

In 2016, Mr. Mashinsky was hired as CEO of **RTX Routetrader**, a London fintech firm in the telecom industry. "Another Billion dollar Fintech unicorn," he tweeted. After six months, Mr. Mashinsky was out after a dispute with management, according to his 2018 deposition.

RTX Routetrader didn't respond to requests for comment.

Mr. Mashinsky launched Celsius in 2017 with two partners. He spoke about it in grand terms. "I have 6 kids at home and I think every day about what world we are leaving our children," a post on his Twitter account stated in 2019. "Creating a #decentralized financial platform for everyone on the planet is my mission."

Celsius had the same basic model as a consumer bank—take deposits, make loans—though it paid far more on deposits than a federally regulated bank. Mr. Mashinsky became a regular fixture at crypto conferences, donning a T-shirt that read, "Banks are not your friends." He was quick to label any skepticism about the company as FUD, tech slang for fear, uncertainty and doubt.

On June 11, Mr. Mashinsky responded on Twitter to someone who said he had heard about Celsius accounts being locked.

"...do you know even one person who has a problem withdrawing from Celsius?" Mr. Mashinsky wrote. "Why spread FUD and misinformation."

The next day, Celsius said it was pausing all customer withdrawals, citing extreme market conditions.

MARKETS DIGEST

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Table with columns: Expected pricing date, Filed, Issuer/business, Symbol, Shares, Pricing Range (\$), Low/High, Bookrunner(s)

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Table with columns: Lockup expiration, Issue date, Issuer, Symbol, Offer price (\$), Offer amt (\$ mil), Through Friday (%), Lockup provision

IPO Scorecard

Performance of IPOs, most-recent listed first

Table with columns: Company, SYMBOL, IPO date/price, Friday's close, Offer price, 1st-day close, % Chg From Offer, Company, SYMBOL, IPO date/price, Friday's close, Offer price, 1st-day close, % Chg From Offer

Public and Private Borrowing

Treasuries

Table with columns: Monday, August 8, Wednesday, August 10, Tuesday, August 9, Thursday, August 11

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA lost 41.65 points, or 0.13%, on the week. A \$1 change in the price of any DJIA stock = 6.59-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$27,375, or a loss of 8.75%, on the \$30,000 investment, including reinvested dividends.

Table with columns: The Week's Action, Pct chg, Stock price, Point chg, In average, Company, Symbol, Close, \$1,000 Invested (year-end '21)

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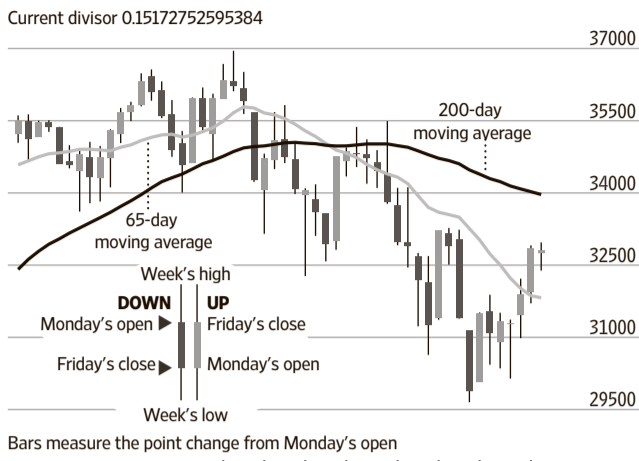
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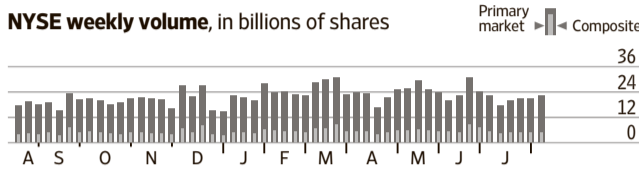
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Dow Jones Industrial Average

32803.47 ▼41.66, or 0.13% last week Trailing P/E ratio 19.36 24.00 P/E estimate \* 17.41 19.35 High, low, open and close for each of the past 52 weeks Dividend yield 2.14 1.79 All-time high 36799.65, 01/04/22



Current divisor 0.15172752595384

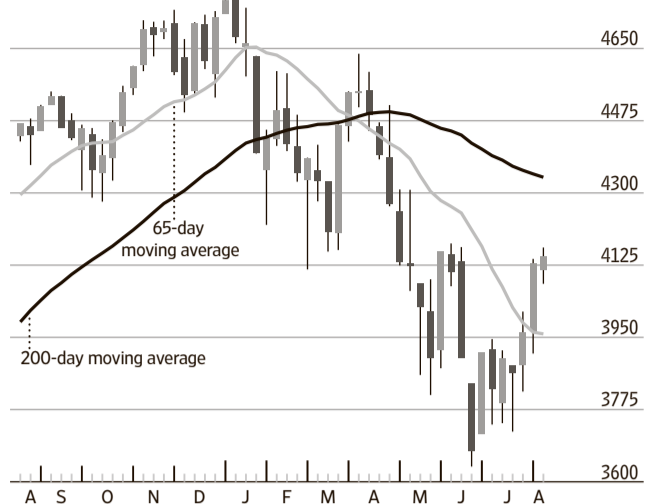


Major U.S. Stock-Market Indexes

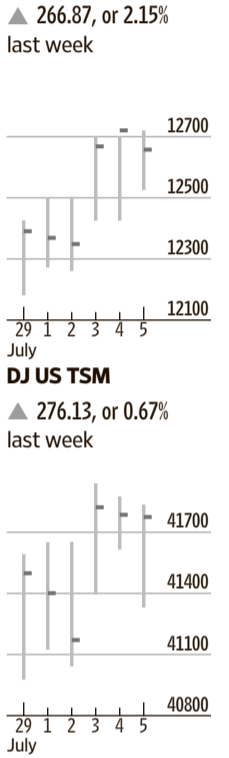
Table with columns: Index, High, Low, Latest Week Close, Net chg, % chg, Low, 52-Week Close, High, % chg, YTD 3-yr. ann.

S&P 500 Index

4145.19 ▲14.90, or 0.36% last week Trailing P/E ratio \* 22.56 31.24 P/E estimate \* 18.22 22.37 High, low, open and close for each of the past 52 weeks Dividend yield \* 1.58 1.33 All-time high 4796.56, 01/03/22



Nasdaq Composite



International Stock Indexes

Table with columns: Region/Country, Index, Close, Latest Week Close, % chg, Low, 52-Week Range Close, High, YTD % chg

Commodities and Currencies

Table with columns: Commodity/Currency, Last Week Close, Net chg, % Chg, YTD % chg

Consumer Rates and Returns to Investor

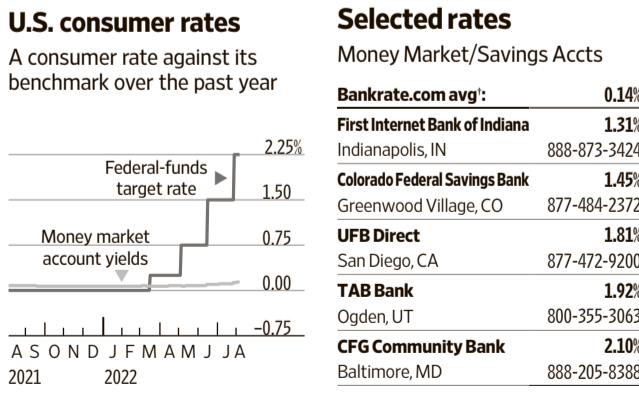


Table with columns: Interest rate, Yield/Rate (%), Last, 52-Week Range, 3-yr chg

Benchmark Yields and Rates

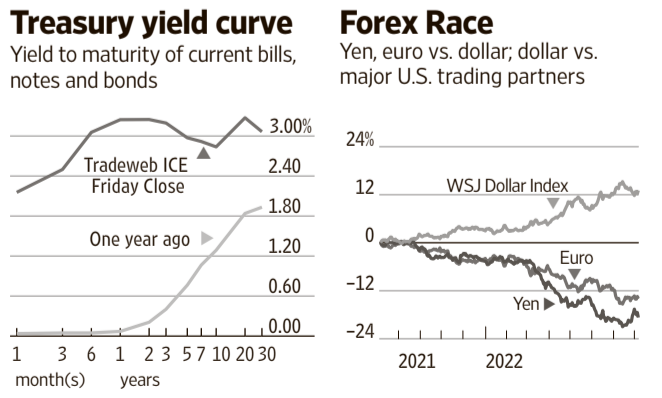


Table with columns: Bond total return index, Yield (%), Spread +/- Treasury, Total Return

CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end funds generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12-month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various funds like ChnStrInfr, Cohen&SteersQualinc, etc.

Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various funds like LMP CapInco, Nuveen Multi-Asset, etc.

Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various funds like Allspring Multi-Sector, Apollo Tactical Income, etc.

Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various funds like InvCaValMunlncTr, InvPAValMunlncTr, etc.

Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various funds like Flat Rock Core Income, InvDYCROppA, etc.

Source: Lipper

Friday, August 5, 2022

Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various equity funds like Adams Diversified EqIn, Central Secs, etc.

Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various equity funds like abrdn BrmGblEqIn, abrdn ErgMktsEqIn, etc.

Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various equity funds like abrdn ErgMktsEqIn, abrdn Tot Dyn Div, etc.

Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various equity funds like abrdn AP IncFd, MS EmkMktDmBt, etc.

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Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various specialty equity funds like abrdn Gbl Prem Pro, Adams Natural Resources, etc.

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Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table with 4 columns: Country/currency, Fri, YTD, % Change. Lists currencies like Argentina peso, Brazil real, Canada dollar, etc.

U.S. Mortgage Bond Funds

U.S. Mortgage Bond Funds

Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various mortgage bond funds like AlliantMortgage, Calamos Mortg, etc.

U.S. Government Bond Funds

U.S. Government Bond Funds

Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various government bond funds like AlliantUSGov, Calamos US Gov, etc.

U.S. Corporate Bond Funds

U.S. Corporate Bond Funds

Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various corporate bond funds like AlliantUSCorp, Calamos US Corp, etc.

U.S. International Bond Funds

U.S. International Bond Funds

Table with 5 columns: Fund (SYM), NAV, Close, % Disc, and Yld. Lists various international bond funds like AlliantIntl, Calamos Intl, etc.

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Refinitiv on August 5, and year-to-date stock performance of the company.

Table with 5 columns: Date(s), Company, Symbol, Insider, Title. Lists insider trading transactions.

Biggest weekly individual trades

Based on reports filed with regulators this past week

Table with 5 columns: Date(s), Company, Symbol, Insider, Title. Lists the largest individual trades.

Sellers

Table with 5 columns: Date, Company, Symbol, Insider, Title. Lists the largest sell orders.

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Table with 5 columns: Sector, Buying, Selling. Lists buying and selling activity by sector.

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates August 5, 2022

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table with multiple columns: Inflation, U.S. government rates, U.S. consumer price index, International rates, Discount, Federal funds, Treasury bill auction, Secondary market, Fannie Mae, Overnight repurchase, Notes on data.

Cash Prices | wsj.com/market-data/commodities

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table with 3 columns: Commodity, Friday, Friday. Lists prices for various commodities like Energy, Metals, Fibers and Textiles, Grains and Feeds, Fats and Oils.

Source: Refinitiv; Dow Jones Market Data

Source: Refinitiv; Dow Jones Market Data

MARKETS & FINANCE

U.S. Weighs New Regional Bank Rules

Long-term debt requirements would aim to help absorb losses in a downturn

BY JUSTIN BAER AND ANDREW ACKERMAN

U.S. regulators are considering whether to require large regional banks to add to the financial cushions that protect them in times of crisis, a move that is slowing down some pending bank mergers.

The Federal Reserve and the Office of the Comptroller of the Currency are discussing whether regional lenders should hold more long-term debt that can help absorb losses in a downturn, according to people familiar with the matter.

Three large bank deals were hatched before the OCC raised the possibility of using the merger-approval process to compel banks to raise more capital. One of the banks whose deal awaits approval, U.S. Bancorp, has already missed its initial goal of completing its acquisition by June.

The regulators, though, are operating on their own timeline, people familiar with the matter said. A key consideration: how Michael Barr, the Fed's new pointman on financial regulation, wants to proceed.

Mr. Barr was sworn into the role July 19. Imposing new requirements on regional firms broadly, and as part of individual merger applications, is within his and the Fed's remit.



U.S. Bancorp is already the fifth-biggest U.S. bank by assets. It has agreed to buy MUFG Union Bank's core retail-banking business.

Analysts say they expect bank-merger policy will be a priority for Mr. Barr, though his views on the issue aren't known.

The Biden administration and its top regulators are seeking to address concerns that the steady growth of the nation's largest regional banks has introduced new risks to the financial system. While these firms may lack the vast trading floors and international operations of megabanks like JPMorgan Chase & Co. and Bank of America Corp., the biggest regional banks' balance sheets are now approaching the size of some of so-called systemically important banks.

U.S. Bancorp, already the fifth-biggest U.S. bank by assets, agreed to acquire MUFG Union Bank's core retail-banking business in September for about \$8 billion.

The deal would expand the Minneapolis-based lender's footprint in California and add some \$130 billion in assets.

Three months later, Bank of Montreal struck a deal to buy BNP Paribas's Bank of the West for \$16.3 billion. With that acquisition, BMO would total more than \$200 billion in U.S. assets, vaulting the lender into the top 20.

In February, Toronto-Dominion Bank agreed to buy Tennessee-based First Horizon Corp. for \$13.4 billion. The acquisition, the largest in TD Bank's history, would leave the combined company with more than \$500 billion in U.S. assets.

After the 2008 financial crisis, regulators imposed tougher rules on firms whose failure could threaten the financial system due to their size, complexity and global reach. Those measures included stepped-up planning to unwind operations in the face of catastrophic losses and requirements to stockpile additional capital.

Acting Comptroller Michael Hsu signaled in an April 1 speech that he had grown concerned that a recent wave of bank mergers would create more too-big-to-fail firms like those whose risky activities brought the financial system to the brink of a collapse during the 2008 crisis.

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Blocking those deals, though, would also shield the largest banks from competition, he said. He suggested that the deals could be conditioned upon the merged bank holding more total loss-absorbing capacity in the form of long-term debt.

Bank executives and their lobbyists have argued that the regulators' push would unfairly target lenders that happen to have agreed to a large acquisition recently. Other large regional banks wouldn't be affected, they argued. What is more, the capital raises would increase those banks' borrowing costs and crimp profits, they said.

In a May 17 filing, U.S. Bancorp said it would no longer receive U.S. regulatory approvals in time to close the MUFG Union Bank deal by the end of June. It said it expected to complete the deal in the second half of the year.

"As you know, regulatory approvals are not within the company's control and may impact the timing of the closing of the deal," financial chief Terry Dolan said on a July 15 call with analysts.

During a June 13 conference presentation, BMO finance chief Tayfun Tuzun assured investors that "pretty much everything is going according to our expectations" regarding the deal-approval process. The bank still expects to complete its deal in its fiscal first quarter, which ends Jan. 31, he said then.

TD Bank Chief Executive Bharat Masrani told analysts earlier this month he had "no reason to believe" that its First Horizon deal wouldn't close by the end of January.

—Vipal Monga contributed to this article.



Norwegian Cruise Line Holdings is among the companies expected to report earnings this week.

Earnings Outlooks Spur Fears

Continued from page B1

Tyson Foods Inc. for more insights on the state of the consumer.

Recent data releases and corporate-earnings reports have flashed mixed signals about the economy's trajectory and whether a recession is on the horizon.

Gross domestic product has contracted for two straight quarters, but Friday's robust jobs report showed unemployment remains low and the economy is adding jobs at a healthy clip.

Although second-quarter earnings are on pace for their slimmest increase since the end of 2020, profit margins are set to top the five-year average, suggesting companies have found success passing on higher costs to their customers.

Shares of Netflix, for exam-

ple, have risen 30% this quarter after the streaming-video company laid out plans to crack down on password sharing and launch an ad-supported tier. Its price-to-earnings ratio has jumped nearly 50%.

With results in from 87% of S&P 500 companies, three-quarters have topped consensus earnings estimates, according to FactSet. That rate is slightly lower than those of recent years, but the better-than-feared reports have given some investors confidence to scoop up shares of beaten-down stocks, sending their valuations climbing again as well.

Meanwhile, analysts have roughly halved current-quarter earnings estimates for Bath & Body Works since the end of June while the stock has rallied 39%, helping its valuation more than double. And shares of Twitter are trading at more than 100 times earnings amid a takeover dispute with billionaire Elon Musk. Wall Street has slashed profit expectations for the social-media company even as the stock has climbed 14% since the end of June.

"We just see so many situations where valuations are still a lot higher than our assessment of fair value," said Sandi Bragar, chief client officer at wealth management firm Aspiriant. Ms. Bragar said her firm is advising clients to remain defensive in their portfolios, favoring value stocks.

Although earnings estimates have come down, many investors say analysts need to keep trimming those projections. Profits among companies in the S&P 500 are still expected to rise 5.8% in the third quarter and 9% this year, according to FactSet.

One reason analysts have been slow to act? Keith Parker, head of U.S. and global equity strategy at UBS, notes earnings figures aren't adjusted for inflation. When costs rise, companies also tend to boost prices, which pushes earnings on a dollar basis higher even if real growth slows.

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Volatility Hurts Berkshire

Continued from page B1

the second quarter. Much of its cash went into the energy sector. Berkshire began purchasing shares of Occidental Petroleum Corp. in February and quickly be-

came the company's biggest shareholder, growing its stake to 17% at the end of the second quarter. The company has bought more Occidental shares since then, bringing its stake to about 19%.

Energy stocks have been by far the best performers in the stock market this year, owing to the surge in oil prices following Russia's invasion of Ukraine. Analysts have said they expect Berkshire to soon reach a 20% stake in Occidental, which would allow it to begin including a proportion

of the oil company's earnings in its own results.

As Berkshire poured money into stocks, it slowed down its pace of buying back its own shares. The company spent \$1 billion on stock buybacks in the second quarter, down from \$3.2 billion the previous quarter.

Berkshire's spending did little to dent its cash pile. The company reported having \$105.4 billion in cash and equivalents at the end of the quarter, down from \$106.3 billion at the end of the first quarter.

Carlyle CEO Steps Down

Continued from page B1

beyond the volatile private-equity business and into others, such as credit and insurance, that generate the steady, predictable management fees prized by shareholders.

Mr. Lee's departure marks a rare instance in which a hand-picked successor to a private-equity firm's founders has been shown the door. Firms such as Blackstone Inc. and KKR & Co. worked for years on their succession planning, telegraphing it to fund investors and shareholders long before a formal announcement was made.

Mr. Conway's fellow co-founders, David Rubenstein and Daniel D'Aniello, all are in their 70s, served as the firm's

co-CEOs until 2018 when they handed the title to Mr. Lee and firm veteran Glenn Youngkin. Mr. Lee, 56 years old, became sole CEO in 2020 when Mr. Youngkin, now governor of Virginia, stepped down to focus on public service.

Mr. Lee set to work simplifying the firm's structure and streamlining its sprawling private-equity business, trimming the number of funds and integrating its infrastructure and energy businesses into one platform. He focused on expanding Carlyle's credit platform and bringing the firm into the business of managing insurance assets through the purchase of a big stake in Fortitude Re.

Mr. Lee had successfully launched Carlyle's long-term fund strategy, and in 2015, the founders granted him authority over the direction of the credit business. The following year, Mr. Lee orchestrated an exit from Carlyle's struggling hedge-fund business and hired Mark Jenkins from Canadian Pension Plan Investment

Board to build and lead a stand-alone credit-investment platform.

Assets under management for Carlyle's credit segment nearly doubled year over year to \$143 billion in the second quarter, surpassing the firm's private-equity segment for the first time. Fee-related earnings climbed 65% to \$236 million.

Despite these efforts, shares of Carlyle have significantly underperformed those of its peers since Mr. Lee assumed the top spot. Carlyle stock, including dividends, nearly doubled over the period, beating the S&P 500 but falling short of the performance of KKR and Blackstone, whose shares have nearly tripled and quadrupled, respectively.

A relative newcomer to Carlyle, having joined in 2013 from private-equity firm Warburg Pincus LLC, Mr. Lee's ascension and strategic shift ruffled some feathers at the firm. A handful of senior investment professionals left amid the changes.

THE TICKER | MARKET EVENTS COMING THIS WEEK

Monday

Earnings expected

Table listing earnings expected for American Intl Group, Barrick Gold, Dominion Energy, International Flavors & Fragrances, ONEOK, and Tyson Foods.

Tuesday

Ratio, days of trading volume of current position, at Jul 15

Table listing NYSE and Nasdaq ratios.

Unit labor costs

Table listing unit labor costs for 1st and 2nd quarters.

Earnings expected

Table listing earnings expected for Emerson Electric, GlobalFoundries, Roblox, Sysco, and TransDigm Group.

Wednesday

Consumer price index

Table listing consumer price index for all items, core, and July.

Earnings expected

Table listing earnings expected for AppLovin and CACI Intl.



Disney is expected to post per-share earnings of 98 cents on Wednesday.

EIA status report

Table listing EIA status report for crude-oil stocks, gasoline stocks, and distillates.

Mort. bankers indexes

Table listing mortgage bankers indexes for purchase and refinancing.

Treasury budget

Table listing treasury budget for July 2021 deficit.

Wholesale inventories

Table listing wholesale inventories for May and June.

Earnings expected

Table listing earnings expected for AppLovin and CACI Intl.

Fox Franco-Nevada

Table listing earnings for Fox and Franco-Nevada.

Walt Disney

Table listing earnings for Walt Disney.

Thursday

EIA report: natural-gas

Table listing EIA report for natural-gas stocks.

Initial jobless claims

Table listing initial jobless claims for previous and expected months.

Earnings expected

Table listing earnings expected for Cardinal Health.

Illumina

Table listing earnings for Illumina and ResMed.

Rivian Automotive

Table listing earnings for Rivian Automotive.

US Foods Holding

Table listing earnings for US Foods Holding.

Wheaton Precious Metals

Table listing earnings for Wheaton Precious Metals.

Friday

Import price index

Table listing import price index for June and July.

U.Mich. consumer index

Table listing U.Mich. consumer index for July and August.

Earnings expected

Table listing earnings expected for Broadridge Financial Solutions.

\* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ♦ Adjusted for stock split Note: Forecasts are from Dow Jones weekly survey of economists